

Federal Retirement Benefits

Pre-Retirement Planning

Participant Guide
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Introduction

Module 1: Introduction to Federal Benefits

Objectives:



- Outline course objectives.
- Identify student expectations.
- Introduce the course content.
- Identify key Federal benefits questions participants should ask when planning for retirement.
- Introduce the two major Federal retirement systems (CSRS and FERS).

Introduction

Course Expectations:

What do you expect to learn from this course? In the space below, list specific questions you have about retirement or specific topics you would like to discuss during this course.



Course Overview:

This course is designed to give participants the knowledge, materials, and tools necessary to plan a successful retirement. Topics covered in the course include: Federal retirement benefits, financial planning, estate planning, Thrift Savings Plan options, tax and legal issues surrounding retirement, Social Security benefits, life and health planning. Your Federal retirement benefits are covered in this participant guide. You should also receive a companion book titled, "Retirement Planning Guide" which covers other retirement planning topics.

Introduction

Course

Objectives: This Pre-Retirement Planning course will provide you with the tools and information necessary to make informed decisions regarding your retirement. In particular, you will be able to:

- Determine when you are eligible to retire;
- Explain how refunded service, non-deduction service and military service is credited for retirement purposes;
- Compute basic annuity estimates;
- Explain the major steps involved in the retirement application process;
- Identify appropriate forms & documents that are used to process your application for retirement;
- Identify resources to answer your benefits questions after retirement;
- Determine whether you can continue health benefits and life insurance benefits into retirement;
- Identify what benefits will be payable to your survivors upon your death;
- Determine whether you will be entitled to receive Social Security benefits;
- Identify your options for withdrawing Thrift Savings Plan (TSP) funds;
- Identify tax implications of your Federal retirement benefits.

Introduction

Contemplating Retirement:

Retirement is a time for reflection, rest, and enjoyment. A rewarding retirement doesn't just happen, it takes careful planning.

Retirement will be one of the most challenging transitions in your life. In fact, psychologists say that most people's lives are divided into three parts. The first involves education, courtship, & marriage; the second involves raising a family, earning a living, and building a nest egg for the future; and the third is retirement.

Retirement involves a continuation of personal interests and activities, but the key to a successful retirement is preparation. You will want to determine where you want to spend your time, where you want to live, how you will allocate your finances, what relationships you will nurture, and whether or not you might like to try another career or some other form of work.

Most people overlook critical aspects of retirement planning. Hopefully, this course will prepare you to be financially and emotionally ready for a happy and healthy retirement. With proper planning, you will make informed decisions about your retirement, which will prepare you for the best years of your life.

Introduction

Retirement: How Do I Make It Work for Me?

The key to a successful retirement is planning, but there is even more to it than that. You need to take a **PROACTIVE** approach to your retirement if you want the transition to be successful.

- | | |
|----------|---|
| P | Start your PLANNING immediately, no matter when you are going to actually retire. Set a date in your mind. |
| R | RESEARCH your options. Don't rely on what friends, coworkers, or relatives tell you. Check with experts in their relative fields. |
| O | Continually ORGANIZE and maintain current records of your important papers. |
| A | ACCEPT new information. Develop a new appreciation for information that might be beneficial to you. |
| C | COMMUNICATE on an on-going basis with your spouse, family, or anyone affected by your retirement. |
| T | Maximize your THRIFT SAVINGS PLAN contributions as soon as possible. |
| I | INQUIRE whenever you hear about changes affecting your retirement. |
| V | VISUALIZE your retirement goals often. |
| E | ESTABLISH a plan and update it yearly. |

Introduction

An Overview of the Two Federal Retirement Systems:



Below is an overview of the two major Federal retirement systems. There are many other similarities and differences between these two federal retirement systems, which are noted throughout this manual.

Civil Service Retirement System	Federal Employees Retirement System
Single Defined Benefit Plan <ul style="list-style-type: none">• 1987, Thrift Savings Plan Option added• In 2001, employees will contribute 7.0%* of basic pay (special categories of employees contribute more)• In 2001, CSRS Offset employees will contribute 0.8%* of basic pay for CSRS, and 6.2% of basic pay to OASDI taxes (special categories of employees contribute more.)	Three-Tiered Benefit Plan <ol style="list-style-type: none">1. Defined Benefit Retirement System [Administered by OPM];2. Thrift Savings Plan Defined Contribution System [Administered by Federal Retirement Thrift Investment Board]3. Social Security Benefits [Administered by Social Security Administration] <ul style="list-style-type: none">• In 2001, employees will contribute 0.8%* of basic pay to the retirement fund, and 6.2% of basic pay to OASDI taxes. (special categories of employees contribute more to the retirement fund).

*P. L. 106-346, signed by the President on October 23, 2000, reverts the CSRS and FERS withholding rates for all employees, other than Members of Congress, to those rates that were in effect before 1999. The new lower rates will be effective on the first day of the first pay period after January 1, 2001.

Introduction

Your Retirement

Questions:



Many of the answers to your retirement questions will be covered in this course. But your learning will not stop here. In fact, you probably will have more questions or specific information that you will want to investigate further when you leave. You may need answers from the benefits officer in your agency's personnel office, the Social Security Administration, the Office of Personnel Management, or the Federal Thrift Savings Investment Board. We have created a page at the end of each module in this participant guide for you to record your questions and their answers as they come up during the course.

General Retirement Questions:

<i>Questions/Comments</i>	<i>Answers</i>

Introduction

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Module 2: Retirement Eligibility

Objectives:



- Identify the types of retirements available under CSRS and FERS;
- Determine when you are eligible to retire under the appropriate retirement system (CSRS or FERS);
- Using the MRA chart, identify your “Minimum Retirement Age” under FERS;
- Determine your optimum retirement date;
- Explain the eligibility requirements for special provision retirements (i.e., Air Traffic Controllers, Military Reserve Technicians, Law Enforcement and Firefighters).

Retirement Eligibility

Retirement Eligibility

Key Questions:

Initially, when considering your retirement options, two key questions you may have are:

1. “When will I be eligible to retire?” and
2. “When is the best time for me to retire?”



When you can retire depends upon:

- ☛ Your retirement system (CSRS or FERS);
- ☛ Your total years of creditable service (verify that your service computation date for retirement is correct); and,
- ☛ The age at which you become eligible to retire.



The following two charts provide retirement eligibility information. They also present the requirements for early retirement opportunities due to a reorganization, an involuntary separation, etc.

Please note that some types of early retirements may require you to take a reduced annuity.

Retirement Eligibility

CSRS Retirement Eligibility:

There are two minimum eligibility requirements that employees must meet to retire under CSRS. An employee must:

1. Have five years of civilian service; and,
2. Be in a covered position on the date of separation for one year out of last two years prior to separating for retirement (*one-out-of-two rule*). If the retirement is based on disability, the one out of two year requirement is waived, but the employee must be subject to CSRS coverage when s/he becomes disabled.



In addition to meeting the minimum requirements, an employee must also meet certain age and service requirements to retire under CSRS. The chart on the following page highlights the types of retirements available, the age and service requirements, and any special requirements that must be met to retire under CSRS.

Retirement Eligibility



Types of Retirement	Age	Service	Special Requirements	Other Considerations
Voluntary	62	5	None	Must meet the 1-out-of-2 rule
	60	20		
	55	30		
Early Optional (Voluntary Separation) Reduction for Age	Any Age	25	Major Reorganization, Transfer of Function, or RIF. OPM must grant agency the authority to administer the early out.	Age reduction equal to 1/6 of 1% for each full month the employee is under age 55 (2% per year). The age reduction is permanent.
	50	20		
Discontinued Service Retirement (Involuntary Separation) Reduction for Age	Any Age	25	Employee must not decline a reasonable offer of a position. Separation must not be for misconduct or delinquency.	Age reduction equal to 1/6 of 1% for each full month the employee is under age 55 (2% per year). The age reduction is permanent.
	50	20		
Special Provision Retirements (Law Enforcement Officers & Firefighters)	50	20 years qualifying service	The employee must serve in a primary position and transfer directly to a secondary position without a break in service exceeding 3 days.	Mandatory retirement age for Law Enf. Officers is age 57. Mandatory retirement age for firefighters is 55. ¹
Special Provision Retirements (Air Traffic Controllers)	50	20 years qualifying service	None	Subject to mandatory separation at age 56 even if the employee does not have sufficient years of ATC service.
	Any Age	25 years qualifying service		
Disability	Any Age	5	Disabled for current position and any vacant position in agency	1-out-of-two rule does not apply.
Deferred	62	5	Must have left retirement contributions in fund	Must meet the 1-out-of-2 rule.

¹Exceptions to the mandatory retirement age for special provision retirements can be granted by agency heads under certain conditions.

Retirement Eligibility

FERS Retirement Eligibility:



There are two minimum eligibility requirements under FERS. An employee must:

1. Have five years of civilian service; and,
2. Be serving in a position covered under FERS at retirement.

In addition to meeting the minimum requirements, an employee must also meet certain age and service requirements to retire under FERS. The chart on the following page highlights the age and service requirements, as well as any special requirements that must be met to be eligible to retire under FERS.

Retirement Eligibility



Types of Retirement	Age	Service	Special Requirements	Other Considerations
Voluntary (No Age Reduction)	MRA	30	None	None
	60	20		
	62	5		
MRA + 10 (Voluntary) Age Reduction	MRA	10	None (However, the retiree must meet the 5 year minimum civilian service requirement)	Annuity will be reduced by 5/12 of 1% for each full month the employee is under age 62 (5% per year). ²
Early Optional (Voluntary)	50	20	"Early Out" - Major RIF, Transfer Function or Reorganization must be granted by OPM.	Under FERS, there is no age reduction for being under age 55 ³
	Any Age	25		
Discontinued Service (Involuntary)	50	20	Employee must not decline a reasonable offer of a position. Separation must not be for misconduct or delinquency.	Under FERS, there is no age reduction for being under age 55 (See footnote 3).
	Any Age	25		
Special Provision Retirements (Law Enforcement Officer, Firefighter)	50	20 years qualifying service	Must complete 3 years in primary (first-line) position before moving to a secondary position.	Mandatory Retirement for Law Enforcement Officers is age 57. Mandatory Retirement for Firefighters is age 55. ⁴
	Any Age	25 years qualifying service		
Special Provision Retirements (Air Traffic Controller)	50	20	Complete 20 yrs. (or 25 years at any age) as an Air Traffic Controller	Mandatory retirement is at age 56, or upon completing 20 years of service under the special provisions.
	Any Age	25		
Disability	Any Age	18 Mo.	Disabled for current position and cannot be placed in any vacant position in agency	Must also apply for disability benefits from Social Security.

²Under the MRA + 10 Provision, an employee can elect to postpone the commencing date of the annuity to lessen or completely eliminate the age reduction.

³A FERS retiree who has a portion of his or her annuity subject to CSRS rules will have the 2% age reduction applied to the CSRS component, if the individual is under age 55.

⁴Exemptions for mandatory retirements under the special provisions can be granted by the agency under certain circumstances.

Retirement Eligibility



Types of Retirement	Age	Service	Special Requirements	Other Considerations
Deferred	62	5	Must have left retirement contributions in the fund.	With the MRA + 10 deferred option, the annuity is reduced by 5/12 of 1% for each full month the employee is under age 62 at the time the annuity commences
	MRA	10		
	MRA	30		
	60	20		

FERS Minimum Retirement Age:

The Minimum Retirement Age (MRA) applies to FERS employees. The MRA is the earliest age that an employee can retire voluntarily with 30 years of creditable service without any reduction for age. The MRA ranges between ages 55 and 57 and depends on the employee's year of birth.

If you are a FERS employee, refer to the table on the following page to determine your MRA.

Retirement Eligibility

FERS Minimum Retirement Age:



If you were born:	Your MRA is:
Before 1948	55
in 1948	55 and 2 months
in 1949	55 and 4 months
in 1950	55 and 6 months
in 1951	55 and 8 months
in 1952	55 and 10 months
from 1953 to 1964	56
in 1965	56 and 2 months
in 1966	56 and 4 months
in 1967	56 and 6 months
in 1968	56 and 8 months
in 1969	56 and 10 months
1970 and after	57

To receive an unreduced annuity at your MRA, you must have 30 years of service; however, you may retire with as little as 10 years of service (5 years must be civilian service) and receive a reduced annuity. The annuity is reduced by 5% per year for each year you are under age 62 when you retire.

If you retire under the MRA + 10 retirement provision, you can choose to postpone receiving your annuity until a future date to lessen the age reduction. If you postpone receiving the annuity until age 62, you will not receive an age reduction in the annuity.

Retirement Eligibility

“How will I know when my retirement date will be?”



Determining a Retirement Date for CSRS Employees:

John was born on 8/21/51. He is retiring under CSRS and his Service Computation Date for retirement is 2/13/73. When is John's earliest optional retirement opportunity under CSRS?

8/21/51	(Date of birth)
<u>+ 55</u>	(Earliest age for retirement eligibility)
8/20/2006 ⁵	(Date John reaches age 55)
2/13/73	(Service Computation Date)
<u>+ 30</u>	(Years of service needed at age 55)
2/13/2003	(Date John acquires 30 years of service)

John attains the age and service requirements to retire voluntarily [age 55 with 33 years 6 months of service] on 8/20/2006.

⁵For retirement purposes, an individual attains the eligibility to retire based on age the day before his/her birthday. This rule is applicable under CSRS and FERS.

Retirement Eligibility

*“How will I know when
my retirement date will be?”*



Determining Retirement Date for FERS Employees:

Mary was born 5/4/65. She is retiring under FERS and her Service Computation Date for retirement is 6/20/88. When is her earliest optional retirement opportunity with no age reduction under FERS?

5/4/65	(Date of birth
+ 56 & 2 months	(Mary's MRA - born in 1965))
7/3/2021	(The date Mary reaches her MRA)
6/20/88	(Service Computation Date)
+ 30	(Years of service needed at MRA)
6/20/2018	(Date Mary acquires 30 years of service)

Mary attains the age and service requirements to retire voluntarily with no age reduction [age 56 and 2 months with 33 years and 1 month of service] on 7/03/2021.

Retirement Eligibility

Selecting Your

Retirement Date:

Once you determine when you will meet all of the requirements and are officially eligible for retirement, you will need to establish the date that you plan to retire. The actual date of retirement has several implications that should be considered, such as:



- **How does my retirement system (CSRS or FERS) impact the specific retirement date that I choose?**
- **How will the specific retirement date that I select determine when my annuity will begin?**
- **How does my retirement date impact the lump sum payment of my annual leave?**



Upon completion of this course, you will learn about other factors to consider, such as:

- **Can I afford to retire?**
- **How will my benefit be computed?**
- **Will I be able to continue my health benefits and life insurance when I retire?**
- **Will I still be able to maintain the kind of lifestyle I would like to have when I retire?**
- **What kind of benefits can I provide for my family upon my death?**

Retirement Eligibility

Retirement Eligibility Questions:



Questions/Comments	Answers

Module 3: Annuity Computations

Objectives:



- Define “creditable service under CSRS and FERS;”
 - Compute your “service computation date;”
 - Define High-3 Average Salary;
 - Explain how the basic annuity is computed under CSRS and FERS;
 - Identify the types of adjustments that can be applied to annuities under CSRS and FERS;
 - Define Cost of Living Adjustments (COLAs) and explain how they are applied to CSRS and FERS annuities;
 - Identify requirements for making voluntary retirement contributions under CSRS.
-

Computing Annuity Estimates

Factors Which Determine the Annual Annuity:

The amount of an annuity under both CSRS and FERS is determined by an employee's:



- Total Length of Creditable Service; and,
- High-3 Average Salary



Since **length of service** is one of the factors used in the computation of an annuity, it is very important to check with your Personnel Office to make sure that your Official Personnel Folder (OPF) contains all of your service--both civilian and military. You should verify your service well in advance of your retirement date.

Creditable Civilian Service:

To determine total length of service for annuity computation purposes under CSRS and FERS, add together:

- 1. creditable civilian service;**
- 2. creditable military service;**
- 3. unused sick leave credit***

***Note:**

Unused sick leave can only be used to extend the length of service in the computation of CSRS benefits, or FERS benefits if there is a CSRS component.

The table on the following page shows a sample of a length of service computation for a **CSRS retiree**.

Computing Annuity Estimates

Creditable Civilian Service:



Type of Service	Number of Years	Number of Months	Number of Days
Civilian	28	1	3
Military	4	2	6
Unused Sick Leave	0	6	18
Total Service	32 years	9 months	27 days

Note: The CSRS annuity in this example will be based on 32 years and 9 months. Only full years and months are used in the annuity computation. Days under 30 are dropped.

Creditable Service under CSRS and FERS includes:



- The amount of time between dates of appointment and separation;
- Leave Without Pay (LWOP) is fully creditable for up to six months in a calendar year;
- Worker's Compensation time [OWCP] (administered by the Office of Workers Compensation Programs), provided the employee returns to duty within the required time frame;
- Part-Time Service (regular tour of duty). Part-time service rules under CSRS and FERS differ;
- Intermittent service (when actually employed) is creditable only for actual days or hours worked, based on a 360 day year;
- Breaks in service up to 3 days are fully creditable.



Computing Annuity Estimates

High-3 Average Salary:



The other factor which is used to determine the basic annual annuity is the High-3 Average Salary. The High-3 represents the average of basic pay during the consecutive three-year period when basic pay rates were the highest during the employee's Federal career.

The three-year period can occur at any point during an employee's career, although it typically occurs during an employee's last three years of service prior to retirement.



Note:

If a FERS employee has a CSRS component to his/her annuity, the same average salary is used to compute the annuity. *(The CSRS Component will be discussed later in this module.)*

Computing Annuity Estimates

High-3

Average Salary:

For average salary purposes, basic pay includes:

- ☞ night differential pay for wage grade employees;
- ☞ environmental differential pay;
- ☞ locality pay;
- ☞ premium pay for stand-by time affecting primarily firefighters;
- ☞ premium pay for irregular administratively uncontrolled overtime (AUO);
- ☞ law enforcement availability pay (LEAP) (also known as “premium pay”).



The high-3 is usually based on the salary paid (or basic pay as set by law or regulation) that is subject to withholdings for CSRS or FERS retirement purposes. **This means that some other forms of compensation do not count in the computation of the high-3 average salary.**

Compensation that ***Does Not Apply*** to the high-3 includes:

- ☒ cash awards and bonuses;
- ☒ overtime pay* (see **note** on the following page);
- ☒ military pay;
- ☒ holiday pay;
- ☒ travel pay outside of the regular tour of duty;
- ☒ any other special allowances

Computing Annuity Estimates

High-3

Average Salary:



Effective January 1, 1994, certain overtime pay for defined "Customs Officers" will be considered part of basic pay for CSRS and FERS purposes, and for other benefits, based on basic pay (i.e., FEGLI). In any event, the pay will not exceed 50% of any statutory annual maximum for such overtime pay. "Customs Officer" is an individual performing those functions specified by regulation by the Secretary of the Treasury for a customs inspector or canine enforcement officer. This provision applies only to service performed on or after January 1, 1994.



When an employee is in a LWOP pay status, s/he still receives high-3 credit based on the salary received, generally for up to 6 months per calendar year.

Calculating the High-3 Average Salary:

Under CSRS and FERS, the High-3 Average Salary is calculated using a "weighted average." The "30 Day Month Factor Table" chart should be used to compute your High-3 Average Salary.

In general, the steps that are used in computing the High-3 Average Salary are as follows:

- Subtract 3 years from the retirement date to determine the beginning date of the average salary period (if the high-3 period is during the last 3 years of service);
- Locate the beginning and ending dates of each period of service during which a pay change occurred (pay changes can include COLA's, within-grade increases, and promotions);
- Compute the amount of time worked during each period of service during which pay changes occurred;

Computing Annuity Estimates

Calculating High-3 Average Salary:



- Convert each period of time into a time factor, using the Time Conversion Chart;
- Multiply the time factor for each period of service by the salary rate for that period of service. The result will be the actual earnings for each period of service during the average salary period.
- Total all of the earnings and divide the total amount by 3. The result will equal the High-3 Average Salary.



Note:

Most agency personnel offices have computer programs that can generate average salary estimates. It is recommended that anyone planning to retire in the near future should receive a benefits estimate at least 6 months prior to the anticipated retirement date.

A sample average salary computation is presented on the next two pages. This sample can apply to either a CSRS or FERS retiring employee.

Computing Annuity Estimates

Average Salary Sample:

Example: James Miller

Salary History:	10-01-98:	\$27,172	
	01-03-99:	\$27,716	
	07-01-99:	\$33,218	
	01-02-2000:	\$34,580	
	07-01-2000:	\$35,733	
	01-01-2001:	\$37,019	
	07-01-2001:	\$38,213	
	09-30-2001:	\$38,213	(Retired)

Steps:

- a. Subtract 3 years from the retirement date to determine the beginning date of the average salary period:

			31
	2001	09	30
-	<u>03</u>	<u>00</u>	<u>00</u>
	98	09	31

(10/1/98 is the beginning date of the average salary period)

- b. Compute the amount of time worked during each period of service during the average salary period.
- c. Convert each period of time into a numerical factor, using the Time Conversion Chart.
- d. Multiply the time factor from "c" for each period of time by the salary rate for that period of service. The result will be the actual earnings for that period.
- e. Total all of the earnings, including cents. Divide the total earnings by 3 and round to the nearest dollar to arrive at the high-3 average salary.

Computing Annuity Estimates

Average Salary Sample:

2001 9 31 Date of Retirement (Add a day)
 Minus (-) 3 0 0 3 years
 Equals (=) 98 9 31 (10-1-98) Beginning Date of the High-3 Period

- A = Beginning date of the high-3 period and beginning dates of each pay change
 B = The last date at each rate of pay ending with the date of retirement
 C = The pay rate in effect as of the date in "A"
 D = Total time at rate of pay
 E = Time factor for each rate of pay
 F = Pay earned at each rate of pay (C x E)

A From			B To			C Annual Basic Pay	D Total Time			E Time Factor	F Pay Earned
							Yrs	Mos	Dy		
98	10	01	99	01	02	\$27,172	0	3	2	.256	\$6,956.03
99	01	03	99	06	30	\$27,716	0	5	28	.494	\$13,691.70
99	07	01	00	01	01	\$33,218	0	6	1	.503	\$16,708.65
00	01	02	00	06	30	\$34,580	0	5	29	.497	\$17,186.26
00	07	01	00	12	31	\$35,733	0	6	0	.500	\$17,866.50
01	01	01	01	06	30	\$37,019	0	6	0	.500	\$18,509.50
01	07	01	01	09	30	\$38,213	0	3	0	.250	\$9,553.25
						TOTAL =	0	34	60	3.0	\$100,471.89

\$ \$100,471.89 ÷ 3 =
 Total Pay Earned

\$ \$33,490.63
 High-3 Average Salary

Computing Annuity Estimates

30 Day Month Factor Table (Time Conversion Chart):

The table below shows the time factors that are used to compute the high-3 average salary.

Factors for computing total amount for any period of time at given annual rate. (30-day month. To complete factor place number of full years ahead of decimal point.)												
Number of days	1 day and up	1 month and up	2 months and up	3 months and up	4 months and up	5 months and up	6 months and up	7 months and up	8 months and up	9 months and up	10 months and up	11 months and up
0	----	.083	.167	.250	.333	.417	.500	.583	.667	.750	.833	.917
1	.003	.086	.169	.253	.336	.419	.503	.586	.669	.753	.836	.919
2	.006	.089	.172	.256	.339	.422	.506	.589	.672	.756	.839	.922
3	.008	.092	.175	.258	.342	.425	.508	.592	.675	.758	.842	.925
4	.011	.094	.178	.261	.344	.428	.511	.594	.678	.761	.844	.928
5	.014	.097	.181	.264	.347	.431	.514	.597	.681	.764	.847	.931
6	.017	.100	.183	.267	.350	.433	.517	.600	.683	.767	.850	.933
7	.019	.103	.186	.269	.353	.436	.519	.603	.686	.769	.853	.936
8	.022	.106	.189	.272	.356	.439	.522	.606	.689	.772	.856	.939
9	.025	.108	.192	.275	.358	.442	.525	.608	.692	.775	.858	.942
10	.028	.111	.194	.278	.361	.444	.528	.611	.694	.778	.861	.944
11	.031	.114	.197	.281	.364	.447	.531	.614	.697	.781	.864	.947
12	.033	.117	.200	.283	.367	.450	.533	.617	.700	.783	.867	.950
13	.036	.119	.203	.286	.369	.453	.536	.619	.703	.786	.869	.953
14	.039	.122	.206	.289	.372	.456	.539	.622	.706	.789	.872	.956
15	.042	.125	.208	.292	.375	.458	.542	.625	.708	.792	.875	.958
16	.044	.128	.211	.294	.378	.461	.544	.628	.711	.794	.878	.961
17	.047	.131	.214	.297	.381	.464	.547	.631	.714	.797	.881	.964
18	.050	.133	.217	.300	.383	.467	.550	.633	.717	.800	.883	.967
19	.053	.136	.219	.303	.386	.469	.553	.636	.719	.803	.886	.969
20	.056	.139	.222	.306	.389	.472	.556	.639	.722	.806	.889	.972
21	.058	.142	.225	.308	.392	.475	.558	.642	.725	.808	.892	.975
22	.061	.144	.228	.311	.394	.478	.561	.644	.728	.811	.894	.978
23	.064	.147	.231	.314	.397	.481	.564	.647	.731	.814	.897	.981
24	.067	.150	.233	.317	.400	.483	.567	.650	.733	.817	.900	.983
25	.069	.153	.236	.319	.403	.486	.569	.653	.736	.819	.903	.986
26	.072	.156	.239	.322	.406	.489	.572	.656	.739	.822	.906	.989
27	.075	.158	.242	.325	.408	.492	.575	.658	.742	.825	.908	.992
28	.078	.161	.244	.328	.411	.494	.578	.661	.744	.828	.911	.994
29	.081	.164	.247	.331	.414	.497	.581	.664	.747	.831	.914	.997

Computing Annuity Estimates

CSRS Annuity

Computations:



The CSRS formula is a 3-part formula that is established by law. The two factors used to compute your annuity are:

- *Your High-3 Average Salary; and,*
- *Your total years of creditable service (civilian and military and unused sick leave).*

Note: Unused sick leave is only credited in CSRS annuities, or FERS annuities which contain a CSRS component.

Refer to the example below to see how the CSRS annuity is computed.

Retirement Date:	11-30-01
High-3 Average Salary:	\$47,654.94
Years of Service (computation years)	32 years 9 months

CSRS General Formula:

1.50% x \$47,654.94 = \$714.82 x 5.000 yrs.=	\$3,574.10
1.75% x \$47,654.94 = \$833.96 x 5.000 yrs.=	\$4,169.80
2.00% x \$47,654.94 = \$953.10 x 22.750 yrs.=	<u>\$21,683.03</u>

Basic Annual Annuity = \$29,426.93

Monthly Annuity Rate:

\$29,426.93 divided by 12 mo. = \$2,452.24
(Monthly rate will be rounded down to \$2,452.00)

The retirement factor based on the above General Formula may be used in lieu of formula. Refer to the CSRS Factor table. For 32 years and 9 months of service, the retirement factor is .617500. Multiply the factor times the high-3 average salary.

.617500 x \$47,654.94 = \$29,426.93

Computing Annuity Estimates

CSRS Annuity Computations:



Short Cut Formula for CSRS Retirees
"Unofficial" (Provides a good estimate to determine the retirement factor)

Years of Service:	32
Subtract two years	<u>- 2</u>
of service	30

Multiply result by 2	30
	<u>x 2</u>
	60

Use 60% as the retirement factor to be multiplied by the Hi-3 Average Salary

$$60\% \times \$47,654.94 = \$28,592.96$$

Note: Refer to the CSRS Retirement Factors chart on the following page.

Computing Annuity Estimates

CSRS General Formula Computation Chart

For computing the CSRS Basic Annuity When the High-3 Average Salary is \$5,000 or More

To obtain the basic annuity, multiply the high-3 average pay by the factor indicated under applicable years and months of service.												
Years of Service	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
5_ _ _ _	0.075000	0.076458	0.077917	0.079375	0.080833	0.082292	0.083750	0.085208	0.086667	0.088125	0.089583	0.091042
6_ _ _ _	.092500	.093958	.095417	.096875	.098333	.099792	.101250	.102708	.104167	.105625	.107083	.108542
7_ _ _ _	.110000	.111458	.112917	.114375	.114833	.117292	.118750	.120208	.121667	.123125	.124583	.126042
8_ _ _ _	.127500	.128958	.130417	.131875	.133333	.134792	.136250	.137708	.139167	.140625	.142083	.143542
9_ _ _ _	.145000	.146458	.147917	.149375	.140833	.152292	.153750	.155208	.156667	.158125	.159583	.161042
10_ _ _	.162500	.164167	.165833	.167500	.169167	.170833	.172500	.174167	.175833	.177500	.179167	.180833
11_ _ _	.182500	.184167	.185833	.187500	.189167	.190833	.192500	.194167	.195833	.197500	.199167	.200833
12_ _ _	.202500	.204167	.205833	.207500	.209167	.210833	.212500	.214167	.215833	.217500	.219167	.220833
13_ _ _	.222500	.224167	.225833	.227500	.229167	.230833	.232500	.234167	.235833	.237500	.239167	.240833
14_ _ _	.242500	.244167	.245833	.247500	.249167	.250833	.252500	.254167	.255833	.257500	.259167	.260833
15_ _ _	.262500	.264167	.265833	.267500	.269167	.270833	.272500	.274167	.275833	.277500	.279167	.280833
16_ _ _	.282500	.284167	.285833	.287500	.289167	.290833	.292500	.294167	.295833	.297500	.299167	.300833
17_ _ _	.302500	.304167	.305833	.307500	.309167	.310833	.312500	.315167	.315833	.317500	.319167	.320833
18_ _ _	.322500	.324167	.325833	.327500	.329167	.330833	.332500	.334167	.335833	.337500	.339167	.340833
19_ _ _	.342500	.344167	.345833	.347500	.349167	.350833	.352500	.354167	.355833	.357500	.359167	.360833
20_ _ _	.362500	.364167	.365833	.367500	.369167	.370833	.372500	.374167	.375833	.377500	.379167	.380833
21_ _ _	.383500	.384167	.385833	.387500	.389167	.390833	.392500	.394167	.395833	.397500	.399167	.400833
22_ _ _	.402500	.404167	.405833	.407500	.409167	.410833	.412500	.414167	.415833	.417500	.419167	.420833
23_ _ _	.422500	.424167	.425833	.427500	.429167	.430833	.432500	.434167	.435833	.437500	.439167	.440833
24_ _ _	.442500	.444167	.445833	.447500	.449167	.450833	.452500	.454167	.455833	.457500	.459167	.460833
25_ _ _	.462500	.464167	.465833	.467500	.469167	.470833	.472500	.474167	.475833	.477500	.479167	.480833
26_ _ _	.482500	.484167	.485833	.487500	.489167	.490833	.492500	.494167	.495833	.497500	.499167	.500833
27_ _ _	.502500	.504167	.505833	.507500	.509167	.510833	.512500	.514167	.515833	.517500	.519167	.520833
28_ _ _	.522500	.524167	.525833	.527500	.529167	.530833	.532500	.534167	.535833	.537500	.539167	.540833
29_ _ _	.542500	.544167	.545833	.547500	.549167	.550833	.552500	.554167	.555833	.557500	.559167	.560833
30_ _ _	.562500	.564167	.565833	.567500	.569167	.570833	.572500	.574167	.575833	.577500	.579167	.580833
31_ _ _	.582500	.584167	.585833	.587500	.589167	.590833	.592500	.594167	.595833	.597500	.599167	.600833
32_ _ _	.602500	.604167	.605833	.607500	.609167	.610833	.612500	.614167	.615833	.617500	.619167	.620833
33_ _ _	.622500	.624167	.625833	.627500	.629167	.630833	.632500	.634167	.635833	.637500	.639167	.640833
34_ _ _	.642500	.644167	.645833	.647500	.649167	.650833	.652500	.654167	.655833	.657500	.659167	.660833
35_ _ _	.662500	.664167	.665833	.667500	.669167	.670833	.672500	.674167	.675833	.677500	.679167	.680833
36_ _ _	.682500	.684167	.685833	.687500	.689167	.690833	.692500	.694167	.695833	.697500	.699167	.700833
37_ _ _	.702500	.704167	.705833	.707500	.709167	.710833	.712500	.714167	.715833	.717500	.719167	.720833
38_ _ _	.722500	.724167	.725833	.727500	.729167	.730833	.732500	.734167	.735833	.737500	.739167	.740833
39_ _ _	.742500	.744167	.745833	.747500	.749167	.750833	.752500	.754167	.755833	.757500	.759167	.760833
40_ _ _	.762500	.764167	.765833	.767500	.769167	.770833	.772500	.774167	.775833	.777500	.779167	.780833
41_ _ _	.782500	.784167	.785833	.787500	.789167	.790833	.792500	.794167	.795833	.797500	.799167	80% *

****The annuity in excess of 80% which is produced by credit for unused sick leave is payable.***

Computing Annuity Estimates

Calculate a Sample Annuity:

High-3 Average Salary = \$47,000

Sample:

A. Compute Total Service:

	Year	Month	Day
Retirement:	2013	12	31
Service Computation Date:	1981	2	13
Total Service equals:	32 years	10 months	18 dy

B. Add unused sick leave: Zero

C. Subtract non-creditable service: Zero

D. Total Computation Years Used: 32 years, 10 months (days under 30 are dropped)

E. Look up years and months in the General Formula Computation Chart.

**In this case it is $.619167 \times \$47,000$ (High-3) = \$29,100.85
(Basic Annuity)**

Computing Annuity Estimates

Calculate a Sample Annuity:

Now You Try It!

High-3 Average Salary = \$ _____

A. Compute Total Length of Service

	Year	Month	Day
Date of Retirement:	_____	_____	_____
Service Computation Date:	_____	_____	_____
Total Length of Service:	_____	_____	_____

B. Add unused sick leave:
(Hours _____)

**C. Subtract non-creditable
service:**

**D. Total Svc. Used in the
Annuity Computation:**

_____ years, _____ months

**E. Look up the Retirement Factor for the years and months in the
CSRS General Formula Computation Chart.**

In this case it is _____ % x High-3 = _____

Maximum Annuity Under CSRS:

Under CSRS, the maximum basic annuity may not exceed 80% of the Hi-3 average salary. The 80% maximum is reached when an employee has performed 41 years and 11 months of creditable service. However, the annuity may exceed the 80% maximum by adding any unused sick leave credit to the total service.

Computing Annuity Estimates

Computing CSRS Offset Benefits:

Definition: The Social Security Amendments of 1983, provided that all employees first hired by the Federal Government after December 31, 1983, were to be covered by Social Security.



This law also applies to former CSRS employees who are rehired on or after December 31, 1983, with a break in Federal service of more than 365 days. These employees are referred to as **CSRS Offset** employees. CSRS Offset employees pay both Social Security taxes and a reduced CSRS contribution. In general, CSRS Offset covers employees who:

- Had 5 or more years of creditable civilian service performed as of December 31, 1986; and,
 - Had a break in Federal service exceeding 365 days,
- and**
- Were rehired following break in service after December 31, 1983.

Employees with a break in service **after** 12-31-86, must have five years of creditable service as of the date of the break in Federal service to be eligible to return to the Federal Government as a CSRS Offset employee.

Contributions: In 2001, employees subject to CSRS Offset contribute 7% of their basic pay each pay period, which is divided between the CSRS Retirement Fund and Social Security. The CSRS fund receives a .8% contribution, and the Social Security Administration receives 6.20% of this contribution. In 2001, the Social Security tax is 6.20% of the first \$80,400 in earnings subject to Social Security. For employees who earn more than the Social Security wage base, the CSRS salary deductions increase to the full CSRS rate (7% in 2001) when the Social Security tax stops for the calendar year.

Computing Annuity Estimates

Computing CSRS Offset Benefits:



Entitlements:

At retirement, CSRS Offset employees are entitled to the same benefits as other CSRS employees until they reach age 62. At age 62, CSRS benefits may be reduced by the amount of Social Security benefits attributable to Federal Service while the employee was covered under CSRS Offset, **if the employee is eligible for Social Security Benefits.**

Computation of the Annuity:

If the employee has acquired enough credits to be eligible for a Social Security benefit, the amount of the reduction in the CSRS benefit will generally be less than the Social Security benefit to which the individual will be entitled.

The offset, or reduction, to the CSRS annuity is equal to the **lower** of:

1. The amount of the Social Security benefit credited to the CSRS Offset service performed after December 31, 1983;

OR

2. The amount obtained by **dividing** the **Total Years of CSRS Offset Service by 40** and **multiplying** the result by the total **Social Security Benefit.**

Note:

Partial years of CSRS Offset service are rounded to the nearest whole number, with one half being rounded to the next higher number.

Refer to the CSRS Offset Sample Computation on the following page.

Computing Annuity Estimates

Computing CSRS

Offset Benefits:



CSRS Offset Computation

Employee retires Age 55 with 30 years of Federal service (15 years Federal service performed after 1983 - Offset Service), 10 years in the Private Sector covered by Social Security.

Computation at Retirement (age 55): Hi-3 is \$30,000

$$30 \text{ yrs.} = .5625 \times \$30,000 = \$16,875$$

Computation at age 62: Total Social Security benefit equals \$9,600 per year

The amount of SS credited
to the CSRS Offset years = \$6,600

$$\frac{15 \text{ (years of Offset Service)}}{40} \times \$9,600 = \$3,600$$

- The lessor of #1 or #2 is subtracted from annuity

$$\$16,875 - \$3,600 - \$13,275$$

Benefits payable at age 62:

From Civil Service
Retirement System: \$13,275

From Social Security \$ 9,600

TOTAL: \$22,875

Computing Annuity Estimates

FERS Annuity

Computations:



The basic FERS formula gives you 1% of your High-3 Average Salary for all your years of creditable service under FERS.

If an employee under FERS has at least 20 years of service and retires at age 62 or older, the annuity is computed using the 1.1% accrual factor multiplied by the High-3 Average Salary and the years of creditable service.

Immediate

Annuity

(Unreduced):

Under FERS, an employee can retire and receive an unreduced annuity immediately if s/he meets the following age requirements:

- Age 62 with 5 or more years of civilian service;
- Age 60 with 20 or more years of service;
- MRA with 30 or more years of service (Refer to Module 2, Retirement Eligibility, for a discussion of the MRA).

For employees who retire **under Age 62**, the FERS formula is:

$1\% \times \text{High-3 Average Pay} \times \text{Years \& Months of Service}$

Refer to the following examples:

Employee:

Age 60

20 yrs. FERS service

High-3 = \$30,000

FERS Annual Annuity:

$1\% \times \$30,000 = \$300 \times 20 \text{ yrs.} = \$ 6,000 \text{ per year}$

Computing Annuity Estimates

FERS Annuity Computations:



An even simpler formula under FERS is:

$1\% \times \text{number of years} \times \text{High 3}$

Example:

$1\% \times 20 \text{ yrs. service} \times \$30,000 = \$ 6,000 \text{ per year}$

For employees who are at least **Age 62** at their date of separation, with 20 yrs. of service, including CSRS service if the FERS annuity includes a CSRS component, the formula is:

$1.1\% \times \text{High-3 Average Pay} \times \text{Years \& Months of Service}$

Example:

Age 62

20 yrs. FERS service Hi-3 = \$30,000

Annual Annuity:

$1.1\% \times \$30,000 = \$330 \times 20 \text{ yrs.} = \$ 6,600 \text{ per year}$

The Factor Tables on the following two pages may be used to compute the basic annuity under FERS.¹

¹These factor charts are used for FERS service only. FERS retirees who have a CSRS component to their annuity will have the CSRS service computed using the CSRS factor charts.

Computing Annuity Estimates



Computation of the Annuity Under the General Formula Using the FERS 1% Accrual Factor

This chart is used for FERS employees retiring under the age of 62, or if over 62, having less than 20 years of service.

To obtain the basic annuity, multiply the high-3 average salary by the factor indicated under applicable years and months of service.												
Years of Service	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.010000	0.010833	0.011667	0.012500	0.013333	0.014167	0.015000	0.015833	0.016667	0.017500	0.018333	0.019167
2	0.020000	0.020833	0.021667	0.022500	0.023333	0.024167	0.025000	0.025833	0.026667	0.027500	0.028333	0.029167
3	0.030000	0.030833	0.031667	0.032500	0.033333	0.034167	0.035000	0.035833	0.036667	0.037500	0.038333	0.039167
4	0.040000	0.040833	0.041667	0.042500	0.043333	0.044167	0.045000	0.045833	0.046667	0.047500	0.048333	0.049167
5	0.050000	0.050833	0.051667	0.052500	0.053333	0.054167	0.055000	0.055833	0.056667	0.057500	0.058333	0.059167
6	0.060000	0.060833	0.061667	0.062500	0.063333	0.064167	0.065000	0.065833	0.066667	0.067500	0.068333	0.069167
7	0.070000	0.070833	0.071667	0.072500	0.073333	0.074167	0.075000	0.075833	0.076667	0.077500	0.078333	0.079167
8	0.080000	0.080833	0.081667	0.082500	0.083333	0.084167	0.085000	0.085833	0.086667	0.087500	0.088333	0.089167
9	0.090000	0.090833	0.091667	0.092500	0.093333	0.094167	0.095000	0.095833	0.096667	0.097500	0.098333	0.099167
10	0.100000	0.100833	0.101667	0.102500	0.103333	0.104167	0.105000	0.105833	0.106667	0.107500	0.108333	0.109167
11	0.110000	0.110833	0.111667	0.112500	0.113333	0.114167	0.115000	0.115833	0.116667	0.117500	0.118333	0.119167
12	0.120000	0.120833	0.121667	0.122500	0.123333	0.124167	0.125000	0.125833	0.126667	0.127500	0.128333	0.129167
13	0.130000	0.130833	0.131667	0.132500	0.133333	0.134167	0.135000	0.135833	0.136667	0.137500	0.138333	0.139167
14	0.140000	0.140833	0.141667	0.142500	0.143333	0.144167	0.145000	0.145833	0.146667	0.147500	0.148333	0.149167
15	0.150000	0.150833	0.151667	0.152500	0.153333	0.154167	0.155000	0.155833	0.156667	0.157500	0.158333	0.159167
16	0.160000	0.160833	0.161667	0.162500	0.163333	0.164167	0.165000	0.165833	0.166667	0.167500	0.168333	0.169167
17	0.170000	0.170833	0.171667	0.172500	0.173333	0.174167	0.175000	0.175833	0.176667	0.177500	0.178333	0.179167
18	0.180000	0.180833	0.181667	0.182500	0.183333	0.184167	0.185000	0.185833	0.186667	0.187500	0.188333	0.189167
19	0.190000	0.190833	0.191667	0.192500	0.193333	0.194167	0.195000	0.195833	0.196667	0.197500	0.198333	0.199167
20	0.200000	0.200833	0.201667	0.202500	0.203333	0.204167	0.205000	0.205833	0.206667	0.207500	0.208333	0.209167
21	0.210000	0.210833	0.211667	0.212500	0.213333	0.214167	0.215000	0.215833	0.216667	0.217500	0.218333	0.219167
22	0.220000	0.220833	0.221667	0.222500	0.223333	0.224167	0.225000	0.225833	0.226667	0.227500	0.228333	0.229167
23	0.230000	0.230833	0.231667	0.232500	0.233333	0.234167	0.235000	0.235833	0.236667	0.237500	0.238333	0.239167
24	0.240000	0.240833	0.241667	0.242500	0.243333	0.244167	0.245000	0.245833	0.246667	0.247500	0.248333	0.249167
25	0.250000	0.250833	0.251667	0.252500	0.253333	0.254167	0.255000	0.255833	0.256667	0.257500	0.258333	0.259167
26	0.260000	0.260833	0.261667	0.262500	0.263333	0.264167	0.265000	0.265833	0.266667	0.267500	0.268333	0.269167
27	0.270000	0.270833	0.271667	0.272500	0.273333	0.274167	0.275000	0.275833	0.276667	0.277500	0.278333	0.279167
28	0.280000	0.280833	0.281667	0.282500	0.283333	0.284167	0.285000	0.285833	0.286667	0.287500	0.288333	0.289167
29	0.290000	0.290833	0.291667	0.292500	0.293333	0.294167	0.295000	0.295833	0.296667	0.297500	0.298333	0.299167
30	0.300000	0.300833	0.301667	0.302500	0.303333	0.304167	0.305000	0.305833	0.306667	0.307500	0.308333	0.309167
31	0.310000	0.310833	0.311667	0.312500	0.313333	0.314167	0.315000	0.315833	0.316667	0.317500	0.318333	0.319167
32	0.320000	0.320833	0.321667	0.322500	0.323333	0.324167	0.325000	0.325833	0.326667	0.327500	0.328333	0.329167
33	0.330000	0.330833	0.331667	0.332500	0.333333	0.334167	0.335000	0.335833	0.336667	0.337500	0.338333	0.339167
34	0.340000	0.340833	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.346667	0.347500	0.348333	0.349167
35	0.350000	0.350833	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357500	0.358333	0.359167
36	0.360000	0.360833	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
37	0.370000	0.370833	0.371667	0.372500	0.373333	0.374167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
38	0.380000	0.380833	0.381667	0.382500	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
39	0.390000	0.390833	0.391667	0.392500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
40	0.400000	0.400833	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167

Computing Annuity Estimates



Computation of the Annuity Under the General Formula Using the FERS 1.1% Accrual Factor

This chart is used for FERS employees age 62 or older when they retire who have 20 or more years of service. To obtain the basic annual annuity, multiply the high-3 average salary by the factor indicated under the applicable years and months of service.

To obtain the basic annuity, multiply the high-3 average salary by the factor indicated under applicable years and months of service.												
Years of Svc.	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.011000	0.000917	0.001833	0.002750	0.003667	0.004583	0.005500	0.006417	0.007333	0.008250	0.009167	0.010083
2	0.022000	0.011917	0.012833	0.013750	0.014667	0.015583	0.016500	0.017417	0.018333	0.019250	0.020167	0.021083
3	0.033000	0.022917	0.023833	0.024750	0.025667	0.026583	0.027500	0.028417	0.029333	0.030250	0.031167	0.032083
4	0.044000	0.033917	0.034833	0.035750	0.036667	0.037583	0.038500	0.039417	0.040333	0.041250	0.042167	0.043083
5	0.055000	0.044917	0.045833	0.046750	0.047667	0.048583	0.049500	0.050417	0.051333	0.052250	0.053167	0.054083
6	0.066000	0.055917	0.056833	0.057750	0.058667	0.059583	0.060500	0.061417	0.062333	0.063250	0.064167	0.065083
7	0.077000	0.066917	0.067833	0.068750	0.069667	0.070583	0.071500	0.072417	0.073333	0.074250	0.075167	0.076083
8	0.088000	0.077917	0.078833	0.079750	0.080667	0.081583	0.082500	0.083417	0.084333	0.085250	0.086167	0.087083
9	0.099000	0.088917	0.089833	0.090750	0.091667	0.092583	0.093500	0.094417	0.095333	0.096250	0.097167	0.098083
10	0.110000	0.099917	0.100833	0.101750	0.102667	0.103583	0.104500	0.105417	0.106333	0.107250	0.108167	0.109083
11	0.121000	0.110917	0.111833	0.112750	0.113667	0.114583	0.115500	0.116417	0.117333	0.118250	0.119167	0.120083
12	0.132000	0.121917	0.122833	0.123750	0.124667	0.125583	0.126500	0.127417	0.128333	0.129250	0.130167	0.131083
13	0.143000	0.132917	0.133833	0.134750	0.135667	0.136583	0.137500	0.138417	0.139333	0.140250	0.141167	0.142083
14	0.154000	0.143917	0.144833	0.145750	0.146667	0.147583	0.148500	0.149417	0.150333	0.151250	0.152167	0.153083
15	0.165000	0.154917	0.155833	0.156750	0.157667	0.158583	0.159500	0.160417	0.161333	0.162250	0.163167	0.164083
16	0.176000	0.165917	0.166833	0.167750	0.168667	0.169583	0.170500	0.171417	0.172333	0.173250	0.174167	0.175083
17	0.187000	0.176917	0.177833	0.178750	0.179667	0.180583	0.181500	0.182417	0.183333	0.184250	0.185167	0.186083
18	0.198000	0.187917	0.188833	0.189750	0.190667	0.191583	0.192500	0.193417	0.194333	0.195250	0.196167	0.197083
19	0.209000	0.198917	0.199833	0.200750	0.201667	0.202583	0.203500	0.204417	0.205333	0.206250	0.207167	0.208083
20	0.220000	0.209917	0.210833	0.211750	0.212667	0.213583	0.214500	0.215417	0.216333	0.217250	0.218167	0.219083
21	0.231000	0.220917	0.221833	0.222750	0.223667	0.224583	0.225500	0.226417	0.227333	0.228250	0.229167	0.230083
22	0.242000	0.231917	0.232833	0.233750	0.234667	0.235583	0.236500	0.237417	0.238333	0.239250	0.240167	0.241083
23	0.253000	0.242917	0.243833	0.244750	0.245667	0.246583	0.247500	0.248417	0.249333	0.250250	0.251167	0.252083
24	0.264000	0.253917	0.254833	0.255750	0.256667	0.257583	0.258500	0.259417	0.260333	0.261250	0.262167	0.263083
25	0.275000	0.264917	0.265833	0.266750	0.267667	0.268583	0.269500	0.270417	0.271333	0.272250	0.273167	0.274083
26	0.286000	0.275917	0.276833	0.277750	0.278667	0.279583	0.280500	0.281417	0.282333	0.283250	0.284167	0.285083
27	0.297000	0.286917	0.287833	0.288750	0.289667	0.290583	0.291500	0.292417	0.293333	0.294250	0.295167	0.296083
28	0.308000	0.297917	0.298833	0.299750	0.300667	0.301583	0.302500	0.303417	0.304333	0.305250	0.306167	0.307083
29	0.319000	0.308917	0.309833	0.310750	0.311667	0.312583	0.313500	0.314417	0.315333	0.316250	0.317167	0.318083
30	0.330000	0.319917	0.320833	0.321750	0.322667	0.323583	0.324500	0.325417	0.326333	0.327250	0.328167	0.329083
31	0.341000	0.330917	0.331833	0.332750	0.333667	0.334583	0.335500	0.336417	0.337333	0.338250	0.339167	0.340083
32	0.352000	0.341917	0.342833	0.343750	0.344667	0.345583	0.346500	0.347417	0.348333	0.349250	0.350167	0.351083
33	0.363000	0.352917	0.353833	0.354750	0.355667	0.356583	0.357500	0.358417	0.359333	0.360250	0.361167	0.362083
34	0.374000	0.363917	0.364833	0.365750	0.366667	0.367583	0.368500	0.369417	0.370333	0.371250	0.372167	0.373083
35	0.385000	0.374917	0.375833	0.376750	0.377667	0.378583	0.379500	0.380417	0.381333	0.382250	0.383167	0.384083
36	0.396000	0.385917	0.386833	0.387750	0.388667	0.389583	0.390500	0.391417	0.392333	0.393250	0.394167	0.395083
37	0.407000	0.396917	0.397833	0.398750	0.399667	0.400583	0.401500	0.402417	0.403333	0.404250	0.405167	0.406083
38	0.418000	0.407917	0.408833	0.409750	0.410667	0.411583	0.412500	0.413417	0.414333	0.415250	0.416167	0.417083
39	0.429000	0.418917	0.419833	0.420750	0.421667	0.422583	0.423500	0.424417	0.425333	0.426250	0.427167	0.428083
40	0.440000	0.429917	0.430833	0.431750	0.432667	0.433583	0.434500	0.435417	0.436333	0.437250	0.438167	0.439083
		0.440917	0.441833	0.442750	0.443667	0.444583	0.445500	0.446417	0.447333	0.448250	0.449167	0.450083

Computing Annuity Estimates

Unused Sick Leave Credit:



As a CSRS employee, you can accumulate an unlimited amount of sick leave. Credit for unused sick leave hours at the time of retirement is added to length of service only for the purpose of computing the annuity. Generally, the sick leave is computed on the basis of a 2087 hour work year. In order to receive credit for unused sick leave, the employee must retire on an immediate annuity.

“How can I calculate my unused sick leave for retirement under CSRS using the 2087 Hour Chart?”

Example (CSRS Retiree):

As of the retirement date, an employee has 1148 hours of unused sick leave.

To convert the unused sick leave into calendar time, locate 1148 hours on the "2087 Hours Chart." The rows at the top indicate number of months, and the column along the left-hand side indicates number of days.

☞ The employee receives credit for 1148 hours, or 6 months and 18 days.

If the number of hours is not listed on the chart, use next higher number.

☞ For example, for 1150 hours of unused sick leave, use "1154" hours on the chart which allows 6 months and 19 days credit.

Note: ***Sick Leave credit is used only for crediting service in the computation of the annuity.*** You cannot use your sick leave to establish eligibility to retire.

Computing Annuity Estimates

Unused Sick Leave Credit:



Under FERS, unused sick leave cannot be used at retirement to extend the length of service.

If a FERS retiree has a CSRS component, unused sick leave can be credited in the CSRS component only. The amount of sick leave credited equals the lesser of:

- The unused sick leave balance at the time of transfer to FERS;

OR

- The unused sick leave balance at retirement.

Note: Refer to the 2087 Hours Chart on the next page to convert unused sick leave hours into calendar time for retirement purposes.

Computing Annuity Estimates

2087 Hours Chart Effective March 1, 1986

CHART FOR OBTAINING NUMBER OF HOURS FOR ANY PERIOD OF TIME WHEN 2087 HOURS CONSTITUTES YEARLY BASIS												
# of days	0 Month and up	1 Mo. and up	2 Mos. and up	3 Mos. and up	4 Mos. and up	5 Mos. and up	6 Mos. and up	7 Mos. and up	8 Mos. and up	9 Mos. and up	10 Mos. and up	11 Mos. and up
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	41	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	70	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	93	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	99	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	122	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	128	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	139	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	145	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	151	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	157	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

Computing Annuity Estimates

Calculate Your Own Unused Sick Leave Credit:

Now, use the 2087 Hours Chart to convert your own unused sick leave hours into calendar time. The unused sick leave balance can be used to extend your total length of service.

Example:²

Estimated number of sick leave
hours at the date of retirement.

1. _____ *

Take your estimated number of sick
leave hours at the date of retirement
(Blank 1) and find it on the "2087
Hours Chart." Fill in the number of
months at the top of the column
corresponding to your estimated
number of sick leave hours (Blank 1).

2. _____ Months

Now, fill in the corresponding number
of days found in the left hand column.

3. _____ Days

*Note: If the number of hours is not on chart, use next higher
number.*

*For example, for 1150 hours of unused sick leave, use "1154" on
chart.*

* Note: If you have more than 2087 unused sick leave hours, subtract 2087 from your balance, give yourself 1 year of credit for 2087 hours, and look up the balance on the 2087 Hours Chart.

²This example applies only to CSRS retirees or FERS retirees who will have a CSRS component to their annuity. FERS employees who have a CSRS component should refer to pg. 44 to determine how their unused sick leave may be credited.

Computing Annuity Estimates

Unused Annual Leave:



When an employee separates for retirement, s/he will be paid a lump sum amount for all earned annual leave to his/her credit.



Generally, an agency payroll office will issue the lump-sum annual leave check within two to four weeks after the employee has separated for retirement. If an employee has "use or lose" annual leave to his/her credit and separates before the end of the leave year, s/he will be paid the total annual leave balance, including the use or lose amount.

Note:

Check with your agency payroll office for rules regarding payment for other types of leave (e.g., compensatory leave, credit hours). You can also find out from your agency payroll office what deductions will be taken from this lump sum payment (i.e., Federal, State, City taxes, Medicare taxes, etc.).

Visit your agency payroll office if you have questions about how the lump sum annual leave is calculated.

Annuity Commencing Dates:



For CSRS retirees, generally, the annuity is effective on the first day of the month following the month in which you separate for retirement. However, if you retire on the 1st, 2nd, or 3rd day of any month (your option), your annuity begins the day after you retire.

Exception: *For employees who retire on Disability or under an Involuntary Separation, their annuities begin the day immediately following retirement.*



A FERS retiree's annuity commences the first day of the month after retirement.

Exception: *For employees who retire on Disability or under an Involuntary Separation, their annuities begin the day immediately following retirement.*

Computing Annuity Estimates

Cost of Living Adjustments:



Cost of living adjustments (COLA's) are payable to CSRS retirees. COLA's are effective on December 1st of the year in which the annuitant becomes eligible, and are reflected in the annuity check payable in January.

The amount of the first COLA is prorated based on the number of months from the annuity commencing date to the effective date of the first COLA.

- ☞ Retirees receive 1/12th of the COLA for each month that they are in receipt of an annuity before December 1st.
- ☞ To receive the full December 1st increase, a retiree's annuity commencing date can be no later than December 31st of the previous year.

Note: The CSRS COLA for 2001 is 3.5%

CSRS COLA Example:

Retiree's annuity commencing date is December 1, 2000

The retiree does not receive the COLA in the January 2001 check; however, the retiree will receive the full December 2001 COLA in the January 2002 check.

Computing Annuity Estimates

Cost of Living Adjustments:



Annuitants under FERS are not eligible to receive a COLA (effective December 1st) until age 62, **unless**:

- ☞ the annuitant retires on disability (unless the disability is based on 60% of the high-3); or
- ☞ the annuitant retires under one of the special provision retirements (law enforcement officer, firefighter, or air traffic controller).

A survivor annuitant (spouse, former spouse, or insurable interest) is eligible to receive COLA's prior to age 62.

Generally, FERS COLA's are 1% less than the increase in the Consumer Price Index (CPI). If, however, the CPI is less than 2%, then the FERS COLA will match the CPI increase. Refer to the table below for FERS COLA determinations:

If the Increase in the CPI is:	Then the Annual FERS COLA is:
Up to 2%	Same as the CPI
2.0% to 3.0%	2.0%
Above 3%	CPI increase minus 1%

For FERS annuitants who are not eligible to receive a COLA during their first year on the annuity rolls, the initial COLA they receive is the full COLA without proration.

Note: The FERS COLA for 2001 is 2.5%

FERS COLA Example:

FERS employee retired at age 59.
She reached age 62 in July 2000.

In January 2001, she received the full COLA.

Note: If a FERS annuitant has a CSRS component, the CSRS portion of the annuity will be subject to CSRS COLA rules.

Computing Annuity Estimates

Special Retirement Supplement:



A **Special Retirement Supplement** may be payable under FERS until retiree reaches age 62, provided certain eligibility requirements are met. The Special Retirement Supplement is payable to those who retire on an immediate, non-disability benefit with no age reduction. In addition, the retiring employee must have at least one calendar year under FERS from January 1 to December 31. To be eligible to receive the FERS annuity supplement, the employee must retire:

- At the Minimum Retirement Age with 30 years service;
- At age 60 with 20 years service;
- Under the special provisions relating to firefighters, law enforcement personnel, air traffic controllers, and military reserve technicians. (The earnings test does not apply to these retirees until they reach the MRA.)

Note: FERS employees retiring under Involuntary or "Early Out" provisions may begin receiving the supplement upon reaching their MRA.

Background:

Social Security is a significant part of the FERS benefit. However, Social Security retirement benefits are not payable before age 62. Since Federal employees may retire before age 62, a *Special Retirement Supplement*, in addition to the FERS basic benefit will be paid to the retiree by OPM until he/she reaches age 62. In addition, when the retiree reaches age 62, **FERS COLA'S** are payable.

Computing Annuity Estimates

Special Retirement Supplement:



The supplemental benefit, payable before age 62, is subject to the same *earnings test* that is applied to Social Security benefits for recipients, age 62 - 65.

In **2001**, an annuitant between age 62 - 64 who works after retirement can earn up to \$10,680 without losing any portion of the Special Retirement Supplement. If earnings exceed this amount, the annuitant's supplement will be reduced by \$1 for every \$2 that is earned above the minimum level of \$10,680.

The Special Retirement Supplement is calculated by *estimating* the amount of Social Security benefit the retiree would earn if s/he had been employed for a full career under Social Security, retiring at age 62.

Supplemental Benefit Formula:

The following formula is generally used to calculate the supplemental benefit. OPM can calculate the supplement for you.

Estimated Full Career Social Security Benefit	X	Retiree's years of service under FERS
<hr/>		
Divided by 40		

FERS Annuity Supplement Example:

FERS employee has a Social Security benefit based on 25 years of earnings.
Fifteen years of Social Security benefit earned as a Federal employee.

\$7200 (Social Security benefit)/40 (divided by 40)	=	\$ 180.00
\$180.00 x 15 years_ (FERS service years)	=	\$2,700 (Annual Supplement)

\$2700.00/12 (divided by 12 months) = \$ 225.00
(Monthly Special Retirement Supplement)

Computing Annuity Estimates

CSRS Component:

A CSRS component is a portion of a FERS benefit that is computed under CSRS computation rules. A retiring FERS employee will have a CSRS component to his/her annuity if:



- ☞ the employee voluntarily elected to transfer to FERS; and,
- ☞ the employee had at least 5 years of creditable civilian service at the time of the FERS election (*CSRS Interim or CSRS Offset service does not count toward meeting the 5-year requirement.*)

If a FERS annuity contains a CSRS component, then the CSRS portion of the benefit will be computed under CSRS rules, whereas the FERS portion of the benefit will be computed under FERS rules. The CSRS component basic annual annuity and the FERS component basic annual annuity will be added together to determine the FERS combined benefit.

Computing Annuity Estimates

Computation of Basic Benefit Annuity for Part-Time Employees (CSRS and FERS):

"How will my part-time service be credited in my annuity computation?"



The following chart summarizes how part-time service is credited under CSRS and FERS. If you have part-time service, see your agency benefits officer to answer any questions you have about part-time service.

If:

And:

Then:

Service is creditable	Part-time service was performed (DATE):	Pay used to determine Hi-3 average is:	Hours used in computing annuity are:	Proration factor is:
CSRS	Before 4-7-86	Pay actually earned	Full-time schedule	n/a
	On or after 4-7-86	Rate of basic pay for full-time schedule	Hours actually worked (Tour of Duty)	# of hours worked on or after 4-7-86 divided by # of hours in full-time schedule for same period
FERS	n/a			# of hours worked (regardless of when worked) divided by # of hours in full-time schedule for same period

Computing Annuity Estimates

Reductions to the Basic Annuity:



Once the basic annual annuity has been determined under CSRS or FERS, then any applicable reductions to the annuity must be applied. The types of potential annuity reductions are listed below.

1. Reduction for age;
2. Reduction for unpaid deposit;
3. Reduction for survivor benefits;
4. Reduction for unpaid redeposit.

Each of the reductions to the basic annuity for CSRS and FERS retirees will be discussed in detail.

Reduction for Age:

CSRS Age Reduction Early Retirements	FERS Age Reduction MRA + 10 Retirements
<p>☞ Under CSRS, if an employee retires under one of the early retirement provisions, s/he will receive a reduction in the annuity if s/he is under age 55 at retirement;</p> <p>☞ The reduction equals $\frac{1}{6}$ of 1% per month for each full month the employee is under age 55 (2% per year).</p>	<p>☞ If a FERS employee retires with at least 10 years of service after reaching the MRA, s/he will receive a reduction in the annuity;</p> <p>☞ The reduction equals $\frac{5}{12}$ of 1% for each month the employee is under age 62 at retirement (5% per year).</p>

Computing Annuity Estimates

CSRS Age Reduction:



Under CSRS, for any employee who retires under the Discontinued Service provision of the Retirement Act (involuntarily separated); or is separated because of a major RIF or major re-organization in the agency ("early out"), a reduction will be made in the retiring employee's annuity if the employee is under age 55.

The reduction in the annuity will be 1/6 of 1% per month for each **full** month the employee is under age 55 at retirement. This amounts to 2% per year for each full year an employee is under age 55 upon separation.

Note: The age reduction does not apply to disability retirements or to Law Enforcement Officers, Firefighters, and Air Traffic Controllers.

The example below shows how an age reduction based on an early retirement is applied to a CSRS annuity.

CSRS Employee involuntarily separated (or retiring on "Early Out") has:

Creditable Service of:	20 yrs. 2 mos. 10 days
Sick Leave Credit:	+ 4 mos. 14 days
Total Service:	20 yrs. 6 mos. 24 days
Age of Employee at retirement:	52 years, 5 months, 10 days
High-3 Average Salary:	\$50,000

CSRS General Formula Computation:

1.50%	x	\$50,000	=	\$750	x	5 yrs.	=	\$ 3,750
1.75%	x	\$50,000	=	\$875	x	5 yrs.	=	\$ 4,375
2.00%	x	\$50,000	=	\$1,000	x	10.5 yrs=		<u>\$10,500</u>
Basic Annuity								= \$18,625

Multiply age reduction factor
by the basic annuity (employee
is 2 yrs. and 6 **full** mo. under age 55): **X .950000***

CSRS Annuity reduced for age equals: \$17,693.75

The age reduction is permanent.

*** From CSRS Age Reduction Factors Chart**

Computing Annuity Estimates



Factors for Determining the Reduction in the Basic Annuity for Separations on or After July 25, 1966

25-Year Discontinued Service Retirement or "Early Out"

or

20-Year Discontinued Service Retirement or "Early Out"

Age at separation and at least one day over	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
40 -----	0.701667	0.703333	0.705000	0.706667	0.708333	0.710000	0.711667	0.713333	0.715000	0.71666	0.71833	0.72000
41 -----	.721667	.723333	.725000	.726667	.728333	.730000	.731667	.733333	.735000	7	3	0
42 -----	.741667	.743333	.745000	.746667	.748333	.750000	.751667	.753333	.755000	.736667	.738333	.740000
43 -----	.751667	.763333	.765000	.766667	.768333	.770000	.771667	.773333	.775000	.756667	.758333	.760000
44 -----	.781667	.783333	.785000	.786667	.788333	.790000	.791667	.793333	.795000	.776667	.778333	.780000
										.796667	.798333	.800000
45 -----	.801667	.803333	.805000	.806667	.808333	.810000	.881667	.813333	.815000	.816667	.818333	.820000
46 -----	.821667	.823333	.825000	.826667	.828333	.830000	.831667	.833333	.835000	.836667	.838333	.840000
47 -----	.841667	.843333	.845000	.846667	.848333	.850000	.851667	.853333	.855000	.856667	.858333	.860000
48 -----	.861667	.863333	.865000	.866667	.868333	.870000	.871667	.873333	.875000	.876667	.878333	.880000
49 -----	.881667	.883333	.885000	.886667	.888333	.890000	.891667	.893333	.895000	.896667	.898333	.900000
50 -----	.901667	.903333	.905000	.906667	.908333	.910000	.911667	.913333	.915000	.916667	.918333	.920000
51 -----	.921667	.923333	.925000	.926667	.928333	.930000	.931667	.933333	.935000	.936667	.938333	.940000
52 -----	.941667	.943333	.945000	.946667	.948333	.950000	.951667	.963333	.955000	.956667	.958333	.960000
53 -----	.961667	.963333	.965000	.966667	.968333	.970000	.971667	.973333	.975000	.976667	.978333	.980000
54 -----	.981667	.983333	.985000	.986667	.988333	.990000	.991667	.993333	.995000	.996667	.998333	1.00000
												0

Computing Annuity Estimates

FERS Early Retirements:



FERS employees who retire under early retirement provisions (early outs or discontinued service retirements) do not receive an age reduction, **unless they have a CSRS component to their annuity. The 2% per year age reduction is only applied to the service used in the CSRS component.**

Refer to the following example of a FERS early retirement computation which contains a CSRS component.

Note: The MRA +10 **is not considered an "early retirement" under these provisions.** It is a separate type of retirement which has a different age reduction penalty.

FERS Employee with a CSRS Component:

Assume Employee is Age 50 and Retiring Under an Involuntary Separation

CSRS Service 20 yrs.
FERS Service 10 yrs
Hi-3 \$50,000

CSRS Computation:

20 yrs = $.3625 \times \$50,000 =$ \$18,125.00

Less Age reduction 2% for
each yr. under 55
(5 yrs x 2% per year):

$\$18,125.00 \times .901667^* =$

CSRS annuity after reduction \$16,342.71

US Factor is taken from CSRS Factors for Determining Reduction in Basic Annuity for Separations on or After July 19, 1966 chart (See previous page).

FERS Computation:

10 yrs. = $1\% \times \$50,000 = \$500 \times 10 =$ **\$5,000.00**
(no reduction for under age 55)

Total combined CSRS/FERS annuity \$21,342.00

Computing Annuity Estimates

FERS Age Reduction

(MRA + 10

Provision):



For employees who retire on or after reaching their MRA with at least 10 years of service (5 years of which must be civilian service), the annuity will be calculated according to the same formula for an immediate unreduced annuity. The amount of the annual rate, however, will be reduced by 5/12 of 1% for each month the employee is under age 62 at retirement (5% per year).

Refer to the example below to see how the age reduction for an MRA + 10 retirement is applied to a FERS annuity:

Employee voluntarily retires:	MRA=55 years, 6 months
20 years service	
High-3 Average Salary =	\$30,000
Calculation of the Reduced Annuity:	
1% x 30,000 x 20 yrs. =	\$6,000
Employee is 6½ yrs. under age 62 (78 months). The age reduction factor for 55 years, 6 months =	.679167*
FERS Annuity Reduced for Age =	\$6,000 x .679167 = \$4,075
No Special Retirement Supplement is payable for MRA + 10 retirements	
* The reduction factor is taken from the FERS 5% Age Reduction Chart	

Notes:

The FERS MRA + 10 age reduction is permanent.

A FERS employee can postpone receiving the MRA + 10 annuity to lessen the impact of the age reduction. If the annuity is postponed to age 60 (with at least 20 years of service) or to age 62, the age reduction can be eliminated.

Health benefits and life insurance coverage terminate when the employee separates and postpones receiving the annuity. Health benefits and life insurance are reinstated when the FERS annuity begins.

Computing Annuity Estimates



FERS 5% Age Reduction Chart

Factors for Determining Reductions in the Basic Annual Annuity for Immediate or Deferred MRA + 10 Retirements

Age at Annuity begin date and at least 1 day over	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
55___	0.654167	0.658333	0.662500	0.666667	0.670833	0.675000	0.679167	0.683333	0.687500	0.691667	0.695833	0.700000
56___	0.704167	0.708333	0.712500	0.716667	0.720833	0.725000	0.729167	0.733333	0.737500	0.741667	0.745833	0.750000
57___	0.754167	0.758333	0.762500	0.766667	0.770833	0.775000	0.779167	0.783333	0.787500	0.791667	0.795833	0.800000
58___	0.804167	0.808333	0.812500	0.816667	0.820833	0.825000	0.829167	0.833333	0.837500	0.841667	0.845833	0.850000
59___	0.854167	0.858333	0.862500	0.866667	0.870833	0.875000	0.879167	0.883333	0.887500	0.891667	0.895833	0.900000
60___	0.904167	0.908333	0.913500	0.916667	0.920833	0.925000	0.929167	0.933333	0.937500	0.941667	0.945833	0.950000
61___	0.954167	0.958333	0.962500	0.966667	0.970833	0.975000	0.979167	0.983333	0.987500	0.991667	0.995833	1.000000

Multiply the unreduced basic annuity by the applicable factor shown in the table above to calculate the retirement benefit reduced for age.

Note: The election of a survivor benefit will further reduce the annuity.

Computing Annuity Estimates

Reductions for Unpaid Deposit Service:



Deposit service, or nondeduction service, is service during which no retirement deductions are withheld from base pay. CSRS retirees who have periods of deposit service receive credit for retirement eligibility **regardless** of whether they pay a deposit for the service.

CSRS employees have the option of paying a deposit to the retirement fund, plus applicable interest, to receive full credit for the service in the computation of the CSRS annuity. If a CSRS employee chooses not to pay a deposit for the service, how the deposit service will be credited in the annuity computation depends on **when the deposit service was performed**.

Service Performed prior to 10/1/82:

If the nondeduction service is performed before **October 1, 1982**, and the deposit is not paid:

- Deposit Service (non-deduction service) is fully creditable in the annuity computation, but the basic annual annuity will be reduced by 10% of the unpaid deposit (plus interest).

Service Performed on or after 10/1/82:

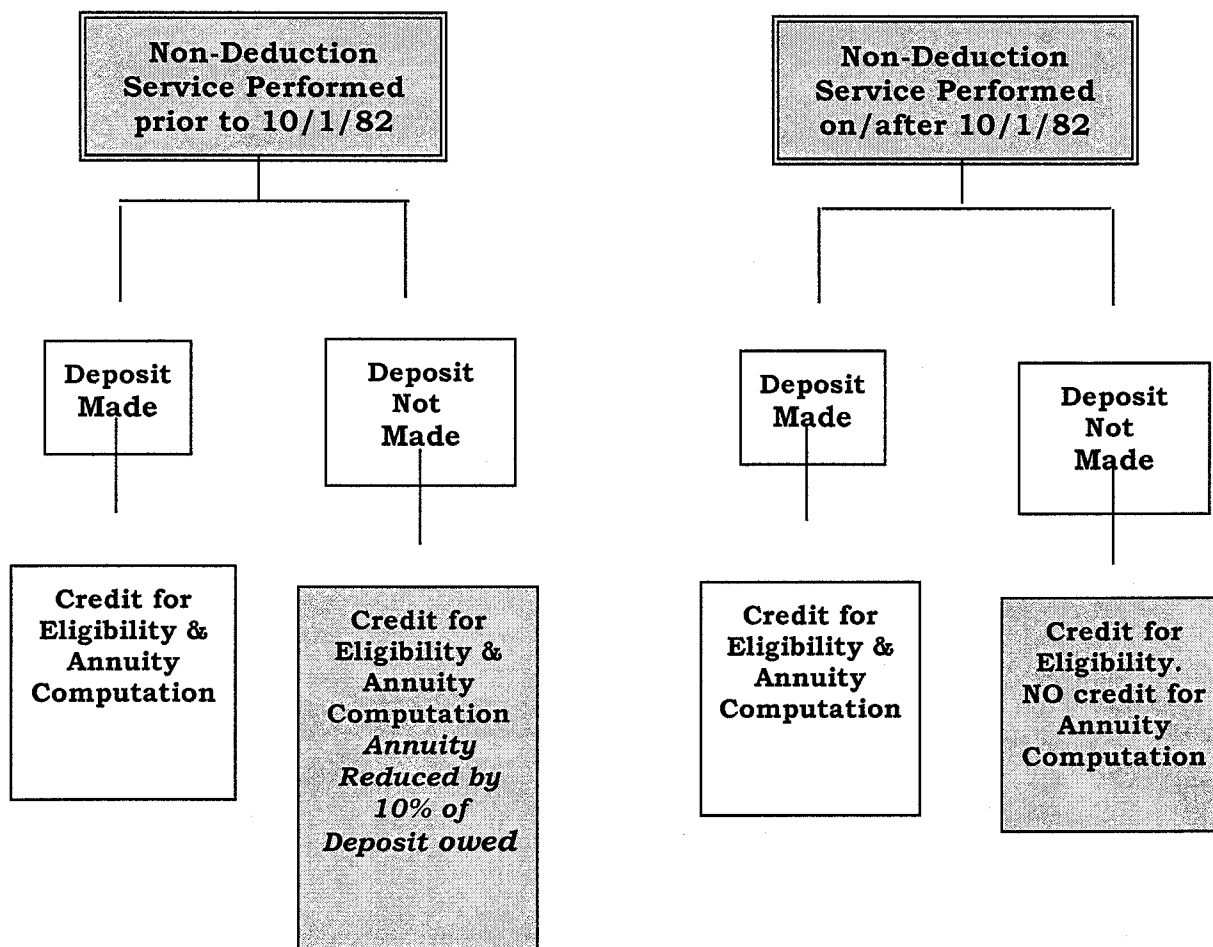
If the nondeduction service is performed on or after **October 1, 1982**, and the deposit is not paid:

- The deposit service cannot be used in the annuity computation.

Note: Refer to the flow chart on the following page which summarizes how nondeduction service is credited under CSRS:

Computing Annuity Estimates

Determining How to Credit Non-Deduction Service Under CSRS



Note:

The deposit may be made prior to retirement or at the time of retirement. Generally, the deposit equals 7% of base pay, plus interest. (Depending on the year the service was performed, the deposit may equal a different percentage of base pay.)

Computing Annuity Estimates

Reductions for Unpaid Deposit Service:



Under FERS, an employee may receive credit for nondeduction service if it was performed prior to January 1, 1989, **AND** a deposit for the period(s) of non-deduction service is paid. The FERS deposit for regular employees equals 1.3% of the earnings during the period(s) of nondeduction service, plus interest. Special groups, such as law enforcement officers and firefighters, also pay 1.3% of the earnings during the period of nondeduction service, plus interest).

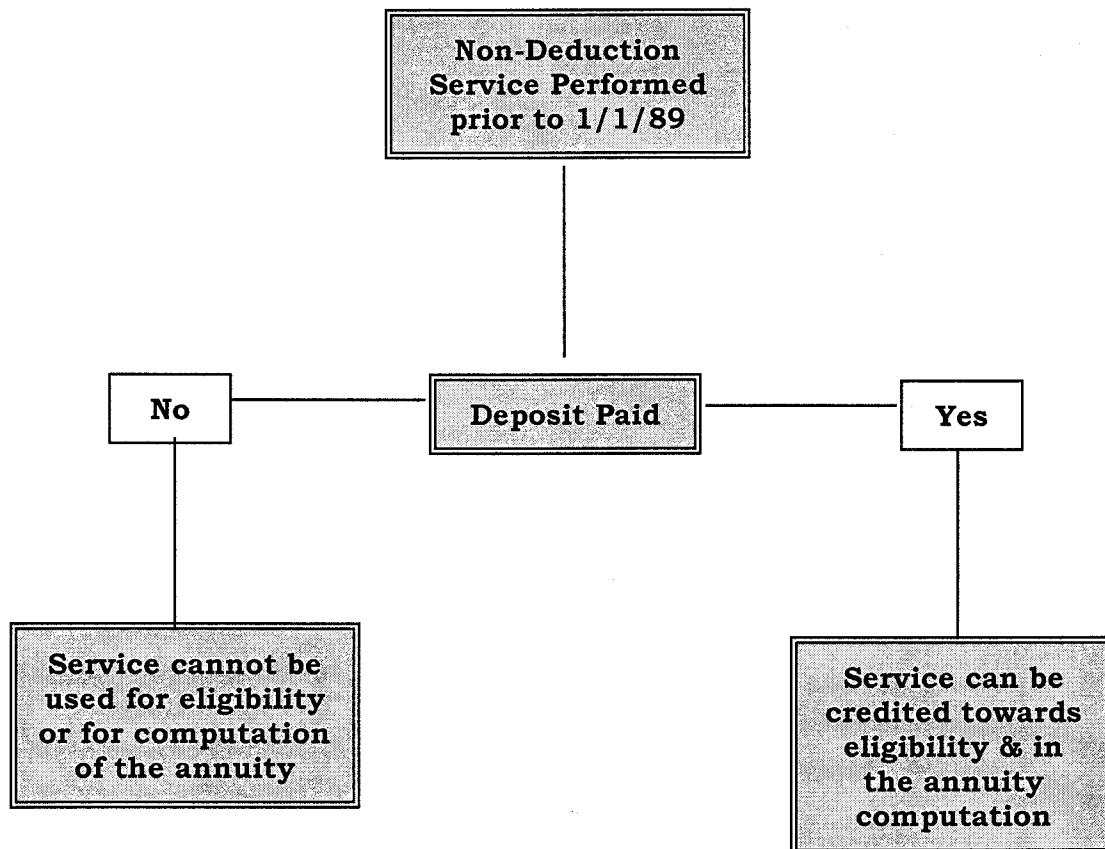
If a FERS employee does not pay a deposit for nondeduction service, the service is not creditable for eligibility purposes or in the computation of the annuity.

Note: If a FERS employee will have a CSRS component to his/her annuity, any nondeduction service that applies to the CSRS portion of the annuity will be computed under CSRS rules.

Refer to the flow chart on the following page which summarizes how nondeduction service is credited under FERS:

Computing Annuity Estimates

Determining How to Credit Non-Deduction Service Under FERS:



Computing Annuity Estimates

Interest Rates for Payments of Deposit and Redeposit Service:

The chart below provides the interest rates for deposit and redeposits for civilian service. These interest rates also are used to determine the amount of deposits for post-56 military service.

Note: If the application for a refund was received prior to 10/1/82:

- The interest rate is 3%. Variable rates do not apply;
- The interest rate remained 3% through 12/31/84, then variable rates began.

Interest rates for Deposit and Refunds Received on or after 10/1/82:

Up to 1984:	3.00%	1995:	7.00%
1985:	13.00%	1996:	6.875%
1986:	11.125%	1997:	6.875%
1987:	9.00%	1998:	6.75%
1988:	8.375%	1999:	5.75%
1989:	9.125%	2000:	5.875%
1990:	8.75%	2001:	6.375%
1991:	8.625%	2002:	
1992:	8.125%		
1993:	7.125%		
1994:	6.25%		

Computing Annuity Estimates

Reduction for Survivor Benefits:



Under CSRS and FERS, retiring employees may elect to provide survivor benefits for a spouse (or former spouse). A survivor benefit is a recurring monthly payment made to the spouse (or former spouse) upon the death of the retiree.

The following types of elections are available to **married employees** at retirement, regardless of whether they are retiring under CSRS or FERS: (For more information on benefits payable to survivors of deceased annuitants, refer to Module 5).



- Maximum survivor annuity for a current spouse;
- Less than maximum survivor annuity for a current spouse;
- An annuity payable only during the retiree's lifetime (no survivor benefit is payable);
- An insurable interest survivor annuity; or
- A combination current/former spouse annuity.

The following types of survivor benefit elections are available to **single employees** at retirement:

- A self-only annuity (no survivor benefit is payable);
- An insurable interest survivor annuity;
- A survivor annuity (maximum or less than maximum) for a former spouse(s).

Computing Annuity Estimates

Reduction for Survivor Benefits Under CSRS:



For survivor benefits to be payable under CSRS, the retiring employee must elect a reduced annuity to provide the survivor benefit to a spouse or former spouse (or an individual named as an insurable interest). Spouses (and former spouses) are entitled to receive up to 55% of the unreduced basic annual annuity (insurable interest survivors receive 55% of the reduced annuity). The maximum combined total of all spouse/former spouse benefits under CSRS cannot exceed 55% of the unreduced basic annual annuity.

Under CSRS, if you elect a less than maximum survivor benefit for a spouse, you can select the "base amount" which will be used to calculate the survivor benefit.

Note: Children's survivor benefits are automatically provided by law to eligible children. An election does not have to be made by the retiring employee. Refer to Module 5 (Survivor Benefits) for an explanation of children's survivor benefits.

Reduction Formula:

Under CSRS, the reduction in the annuity to provide a survivor benefit is computed using the following formula:

$$\begin{aligned} &2 \frac{1}{2}\% \quad \times \quad 1^{\text{st}} \$3,600 \text{ of the survivor base, plus} \\ &10\% \quad \times \text{ the amount of the survivor base exceeding } \$3,600 \end{aligned}$$

Computing Annuity Estimates

Reduction for Survivor Benefits Under FERS:



For survivor benefits to be payable under FERS (other than to eligible children), the retiring employee must elect a reduced annuity to provide the survivor benefit. Surviving spouses (and former spouses) are entitled to receive up to 50% of the unreduced basic annual annuity. Under FERS, the maximum combined total of all spouse/former spouse benefits cannot exceed 50% of the unreduced basic annual annuity.

Note: Children's survivor benefits are automatically provided by law to eligible children. An election does not have to be made by the retiring employee. Refer to Module 5 for an explanation of children's survivor benefits.

Amount of the Survivor Reduction:

FERS Full Survivor Benefit	FERS Partial Survivor Benefit
<ul style="list-style-type: none">If you elect a full survivor benefit for a current spouse or former spouse, your annuity will be reduced by 10% annually to provide the full election;Upon your death, your surviving spouse (or former spouse) will receive 50% of your basic annual annuity.	<ul style="list-style-type: none">If you elect a partial survivor benefit for a current spouse or former spouse, your annuity will be reduced by 5% annually to provide the partial election;Upon your death, your surviving spouse (or former spouse) will receive 25% of your basic annual annuity.

Note: If an employee transferred from CSRS to FERS, the reduction for the survivor annuity and the payment of the benefit will be paid under FERS rules, even though part of the annuity is computed under CSRS rules.

Computing Annuity Estimates

Reductions for Insurable Interest Survivor Benefit:



CSRS and FERS employees may also elect to provide an insurable interest survivor benefit. An insurable interest survivor annuity is a recurring monthly benefit payable to an individual who has an insurable interest in the retiree. Insurable interest elections and benefits payable are the same under CSRS and FERS.



The retiree must take a reduced annuity to provide an insurable interest survivor annuity. The reduction amount depends on the age difference between the retiree and the person named as the insurable interest.

Cost of an Insurable Interest Survivor Annuity	
Age of person named in relation to that of the retiring employee:	Reduction in the annuity of the retiring employee:
Older, same age or less than 5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

Computing Annuity Estimates

Reduction for CSRS Refunded Service:



Refunded service is Federal civilian service during which retirement deductions were withheld from base pay, but were refunded to the employee upon his/her separation from Federal service.

The rules for paying redeposits under CSRS and FERS are different.

Refunded service is creditable for retirement eligibility under CSRS regardless of whether the employee pays a redeposit for the refunded service. CSRS employees who have periods of refunded service can choose to pay a redeposit, which equals the amount of the refund the employee received, plus interest.

If an employee chooses not to pay a redeposit for refunded service, how refunded service is credited in the computation of the annuity benefit depends on ***when the period of refunded service ended.***

Pre-10/1/90

Refunded Service:

If the period of refunded service ended before **October 1, 1990**, and the redeposit is not paid:

- Refunded Service is fully creditable in the annuity computation, but the basic annual annuity will be reduced by an amount based on the employee's age at retirement and the amount of the redeposit owed. This is a monthly reduction (actuarial reduction).

Note:

Refer to the example on the next page which shows how an actuarial reduction is applied for refunded service which ended prior to 10/1/90.

Computing Annuity Estimates

Reduction for CSRS Refunded Service:

Post-10/1/90

Refunded Service:

If the period of refunded service ended **on or after October 1, 1990**, and the redeposit is not paid:



- The period of refunded service cannot be used in the annuity computation.

Note:

For CSRS employees who retire on **disability** and have periods of refunded service:

- The service is creditable for eligibility regardless of whether the redeposit is made; however,
- The employee ***must pay the redeposit in order to receive credit for the service*** in the annuity computation.

Pre-10/1/90 Refunded Service Actuarial Reduction Example:

Employee:	Age 55 at retirement
CSRS Present Value Factor for age 55:	208.5
Redeposit Due	\$8,624
\$8,624 divided by 208.5* =	\$41.36

The monthly annuity will be reduced by \$41.36 if the redeposit of \$8,624 is not paid to the Retirement Fund before the claim is finalized.

* See the chart on the next page to determine the CSRS Present Value Factor for a 55 year-old retiring employee.

Computing Annuity Estimates

Present Value

Factors (CSRS):

The CSRS present value factor is used to compute the amount of a CSRS actuarial reduction for unpaid refunded service which ended prior to 10/1/90.

Retirement Age	Present Value Factor	Retirement Age	Present Value Factor
40	271.2	66	156.8
41	267.1	67	152.0
42	263.3	68	147.1
43	259.9	69	142.3
44	256.5	70	137.1
45	252.5	71	131.9
46	248.4	72	126.7
47	244.4	73	121.5
48	240.2	74	118.2
49	235.8	75	111.0
50	230.9	76	105.9
51	226.7	77	100.8
52	222.6	78	95.8
53	218.2	79	90.9
54	213.5	80	86.2
55	208.5	81	81.6
56	204.0	82	77.1
57	199.4	83	72.8
58	194.7	84	68.7
59	190.2	85	64.7
60	186.1	86	61.0
61	181.2	87	57.4
62	176.0	88	54.1
63	171.3	89	50.9
64	166.4	90	47.9
65	161.5		

Computing Annuity Estimates

Reduction for CSRS Refunded Service:



If the employee has **CSRS** refunded service which ended on or after 10/1/90 and does not pay the redeposit, the time covered by the refunded service will not be included in the computation of the annuity. This could result in a sharp reduction in the retiree's annuity.

Refer to the example below:

Employee's Work History:

- ☛ Worked 5 years under CSRS and separated;
- ☛ Received a refund of contributions 2 months after separation (refunded service ended after 10/1/90);
- ☛ Was reinstated under CSRS and worked another 25 years;
- ☛ Owes a redeposit including interest of \$8624
- ☛ Retires with High-3 Average Salary of \$47,654.

If the employee pays the redeposit due, 30 years of service will be used in the computation of his/her annuity.

$$30 \text{ years} = .5625 \times \$47,654 = \$26,805$$

If employee does not pay the redeposit due, 25 years will be used in the computation of the annuity.

$$25 \text{ years} = .4625 \times \$47,654 = \$22,040$$

In this example, the retiring employee will receive \$4,765 more per year if the redeposit is paid.

$$\$26,805 - \$22,040 = \$4,765$$

Computing Annuity Estimates

Interest Charged on Redeposits Due:

Refunds paid by OPM on or after October 1, 1982, if redeposited, will be subject to the new higher interest rate as of 1-1-85, as determined by the Secretary of Treasury. If the application for the refund was received before October 1, 1982, the old interest rates will apply (4% through 1947 and 3% through 12-31-84, compounded annually.)

You Try It:

Estimate your CSRS Annual Annuity with a reduction for pre-10/1/90 refunded service using the appropriate factor chart and your estimated High-3 average salary.

$$\frac{\text{Factor for Creditable Years of Service}}{\text{Factor for Creditable Years of Service}} \times \frac{\text{High-3 Average Salary}}{\text{High-3 Average Salary}} = \text{Annual Annuity}$$

Look up the CSRS Present Value Factor on the chart on page 71 for your retirement age if you have pre-10/1/90 refunded service under CSRS, and you do not plan to pay the redeposit.

$$\frac{\text{Redeposit Amount Owed}}{\text{Redeposit Amount Owed}} \quad (\text{Divided by}) \quad \frac{\text{CSRS Present Value Factor}}{\text{CSRS Present Value Factor}}$$

$$\text{Equals: } \frac{\text{Redeposit Amount Owed}}{\text{Redeposit Amount Owed}} \quad \text{Monthly Actuarial Reduction for CSRS Refunded Service}$$

Note: Refer to the chart on the following page which summarizes how CSRS refunded service is credited.

Computing Annuity Estimates

CSRS Creditable Civilian Service Refunded Service

For annuities commencing on or after 12/2/90, use the following chart to determine how to credit refunded service:

<i>If:</i>	<i>And:</i>	<i>Then:</i>
<p>► Refunded service ended before 10/1/90:</p>	<p>The retirement was nondisability:</p>	<p>Service will be credited for both title and computation, regardless of whether the redeposit is paid.</p> <p>Employee can either:</p> <ul style="list-style-type: none"> ☞ pay a redeposit with interest to receive full credit for the service; or, ☞ not pay the redeposit, and OPM will actuarially reduce the monthly CSRS annuity by an amount related to the redeposit owed and the age of the retiree.
<p>► Refunded service ended after 10/1/90:</p>	<p>The retirement was nondisability:</p>	<ul style="list-style-type: none"> ☞ If the employee pays the redeposit with interest, then the service is fully creditable for both title and computational purposes. ☞ If the employee does not pay the redeposit, then the service is creditable for title only. The service is not used in the computation
<p>► Refunded service ending either before or after 10/1/90:</p>	<p>The retirement was disability:</p>	<ul style="list-style-type: none"> ☞ If the employee pays the redeposit with interest, then the service is fully creditable for both title and computational purposes. ☞ If the employee does not pay the redeposit, then the service is creditable for title only. The service cannot be used in the computation

Computing Annuity Estimates

FERS Refunded Service:



FERS Refunded Service is not creditable for eligibility purposes or annuity computation purposes.

Employees may **never** make a redeposit of FERS service.

FERS employees who have previous CSRS service which is not part of a CSRS component can receive credit for the refunded service, if:

- ☞ The employee received a refund of the CSRS service before first coming under FERS;

AND,

- ☞ The employee paid a redeposit of 1.3%, plus interest.

Note:

For FERS employees who have a CSRS component to their annuity:

- ☞ Refunded service that applies to the CSRS component of a FERS annuity is creditable under CSRS rules.

Computing Annuity Estimates

Creditable Military Service Under CSRS and FERS:



Military service may also be credited for retirement purposes under CSRS and FERS. Honorable **ACTIVE DUTY** military service is generally creditable for Federal civilian retirement purposes.



Military Retired Pay:

Receipt of military retired pay will generally bar credit of military service, unless military retired pay is waived for civil service retirement purposes. If an employee wishes to waive military retired pay for civil service retirement purposes, s/he must write to the Military Finance Center to request a waiver. This request should be sent to the finance center at least 60 days prior to retiring.

There are several exceptions to the waiver requirements. If an employee is receiving military retired pay under one of the following conditions, s/he does not have to waive retired pay to have the military service credited for retirement purposes under CSRS or FERS:

- ☛ The employee is receiving military retired pay due to a disability incurred in combat or caused by an instrumentality of war;

OR,

- ☛ The employee is receiving military retired pay for reserve service under Chapter 1223, Title 10, U. S. Code.

Computing Annuity Estimates

Waiving Military Retired Pay:



Should I Waive My Military Pay? (CSRS Retiree)

Example: Employee is age 60;
Hi-3 Average Salary = \$50,000;
20 years civilian service;
20 years military service;
receiving military retired pay.

Annuity Computation if military retired pay is waived:

$$40 \text{ yrs.} = .7625 \times \$50,000 = \$38,125$$

Annuity Computation if military retired pay is not waived:

$$20 \text{ yrs.} = .3625 \times \$50,000 = \$18,125$$

PLUS

Military Retired Pay Pension

The total benefits under both computations should be compared to determine the greater benefit.

IMPORTANT:

If you need to include the years of military service to be eligible to retire under CSRS, you must waive your military retired pay. Also, if you become eligible for Social Security at age 62, the "Catch-62" law will apply to any post-56 military service. This means that you will have to make a post-56 deposit for military service performed after 1/1/57, to prevent the military service from being eliminated in the civil service annuity computation when you reach age 62.

Computing Annuity Estimates

Military Leave and Furlough:



Federal employees who left civilian service for short periods of active duty may have been in either a military leave or furlough status.

Military leave requires no payment or special documentation to receive full retirement credit. Military leave is usually limited to two or three week periods per year due to military reserve time or national guard membership.

Military furloughs result when an individual is absent from a Federal civilian job for active military service for periods that exceed military leave. In most cases, Federal civilians who have performed periods of active duty in a military furlough status **will need to pay a deposit** for the service to permanently count for retirement purposes.

Military Reserve Time:

Reservists and National Guard members may receive credit for certain periods of active duty toward their Federal civilian retirement. This includes annual active duty periods (Annual Training), active duty for training (ADT or ACDUTRA), and any period of service under orders to active service. All active duty in the reserves prior to becoming a Federal civilian employee can be credited. However, the only National Guard active duty time that can be credited for Federal civilian purposes is that service performed under Title 10, U. S. Code.

Weekend drills in either the guard or military reserves is not creditable for retirement purposes. This service is known as "Inactive Duty" for training purposes.

Computing Annuity Estimates

Post-56 Military Service:



"How will my Post-56 military service be credited in my CSRS annuity?"

Active duty military service performed on or after January 1, 1957, is covered by Social Security. This service, also known as "Post-56 military service," may be credited for civil service retirement purposes under certain conditions.

Employees who have periods of post-56 military service may ***pay a deposit for this service to fully credit the military time for civil service retirement purposes.*** Under CSRS, the military deposit generally equals 7% of an employee's basic military pay during the period of post-56 service, plus interest.

If an employee chooses not to pay a deposit for the post-56 military service, whether or not the military service will be credited depends on several factors:

- ☞ When the employee was first hired under a CSRS appointment;
- ☞ The employee's age at retirement;
- ☞ Whether the employee will be eligible for Social Security benefits at age 62.

Employees Hired Before 10/1/82:

CSRS employees who were first hired as a Federal civilian employee prior to October 1, 1982, and do not pay the military deposit will have the military service credited as follows:

Computing Annuity Estimates

Employees
Hired Before
10/1/82:



- **If the employee is under age 62 at retirement,** s/he will receive credit for the military service for CSRS eligibility and computation purposes. This service may be eliminated in the future if the employee becomes eligible for Social Security benefits at age 62.
- **If the employee is age 62 or older at retirement,** the post-56 military service can be credited for civil service retirement purposes if the employee is not eligible for Social Security benefits. If the employee is eligible for Social Security, the military service cannot be used.

Employees
Hired On or
After 10/1/82:

CSRS employees who were first hired as a Federal civilian employee on or after October 1, 1982, ***and do not pay for the post-56 military service:***

- Will not receive credit towards retirement eligibility or in the computation of their annuity under CSRS.

Paying Post-56
Military
Deposits:

Military deposits, if made, must be paid to the employing agency ***no later than date of separation for retirement.***

Employees can also elect to begin making payments for the deposit on a pay period basis. Arrangements can be made through the employee's agency payroll office.

Refer to the CSRS post-1956 military deposit example on the following page.

Computing Annuity Estimates

Post-56 Military Service:



Deposit Due for Post-56 Service under CSRS

- Employee first hired by the Federal Government under CSRS prior to 10-1-82.
 - Retiring with 30 years service (10 years post-56 military service); Age 55
 - Hi-3 Average Salary = \$50,000
1. **If employee pays the military deposit (7% of basic military pay, plus interest if applicable) the annuity computation will be:**
- $30 \text{ yrs} = .5625 \times \$50,000 = \$28,125 \text{ (at age 55)}$
2. **If employee does not make the military service deposit, s/he will receive the same annuity at the time of retirement (age 55) based on 30 yrs service resulting in \$28,125.**

However,

- At age 62, **if the employee is eligible for Social Security**, the CSRS annuity will be re-computed eliminating the 10 yrs of post-56 service. The annuity will be reduced as follows:
- $20 \text{ yrs} = .3625 \times \$50,000 = \$18,125$
- At age 62, **if the employee is not eligible for Social Security**, the retiree will continue to receive an annuity of \$28,125.

Note: If an employee waives military retired pay for civil service retirement purposes, s/he becomes subject to the post-56 military deposit rules.

Computing Annuity Estimates

Interest on Military Service Deposits:



For CSRS employees, no interest is charged if the military deposit is made within two years of employment, or was made prior to October 1, 1985.

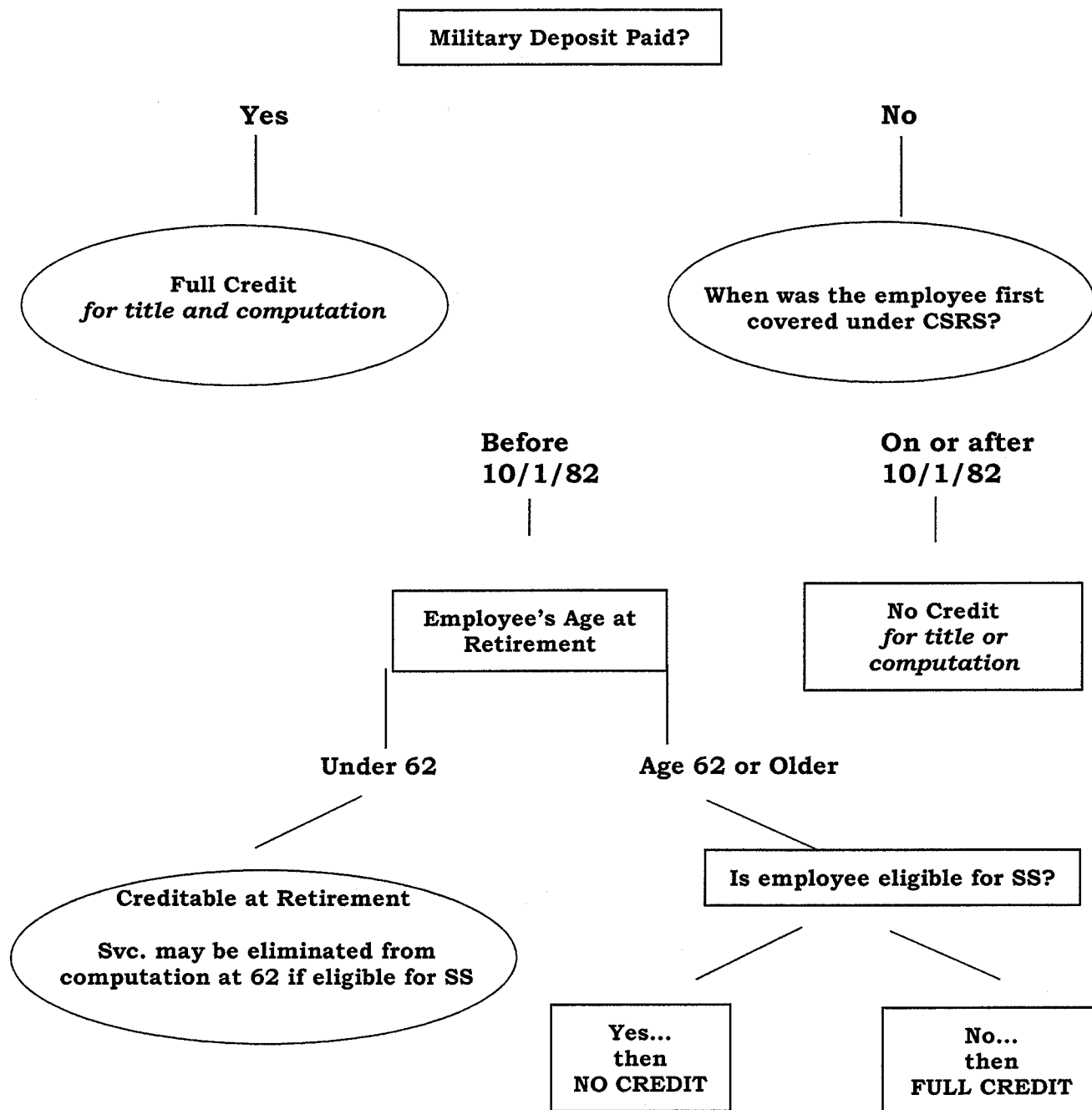
Regardless of whether the employee was hired before or after October 1, 1982, the interest rate after the "grace" period ends will be the variable rate determined by the Secretary of the Treasury based upon the yield of the Retirement Trust Fund during the previous fiscal year.

Summary: Creditable Military Service Under CSRS:

The flowchart on the following page provides a summary of how military service can be credited for retirement purposes under CSRS.

Computing Annuity Estimates

Crediting Post-1956 Military Service for CSRS Employees



Computing Annuity Estimates

FERS Creditable Military Service:



Under FERS, honorable, active duty military service is generally creditable. Military service performed *prior* to January 1, 1957, is automatically credited for retirement purposes. Receipt of Military Retired Pay will bar credit of military service unless Military Retired Pay is waived.

Note: The rules for crediting military service if an employee is receiving Military Retired Pay are the same for both FERS and CSRS employees. Refer to the CSRS discussion of Military Retired Pay for information.

Crediting Post-56 Military Service:

“How will my Post-56 military service be credited in my FERS annuity?”

Military service performed on or after January 1, 1957, (Post-56 military service) is covered by Social Security. In order to obtain credit under FERS for post-56 military service, a deposit *must be made* to cover the period of post-56 military service. *If the deposit for the military service is not made, the military service cannot be credited towards eligibility or computation under FERS.*

The amount of the military deposit generally equals 3% of the military base pay, plus interest if applicable. No interest is charged if the deposit is completed within 3 years from the date the employee first became subject to FERS.

Military deposits, if made, must be paid to the employing agency no later than the date of separation for retirement. Employees can also elect to begin making payments for the deposit on a pay period basis. Arrangements can be made through the employee's agency payroll office.

Computing Annuity Estimates

Crediting Post-56 Military Service:

Important:

Even if an employee covered by FERS was first hired *before* October 1, 1982, military service after 1956, *cannot* be credited for eligibility or computation purposes unless the required deposit is completed.



If an employee under FERS has already made a military deposit under CSRS rules (without a CSRS component), a refund of a portion of the military deposit may be payable. If payable, the refund will be equal to the difference between the 7% CSRS deposit and the 3% FERS deposit (generally).

For employees who transferred to FERS and had 5 or more years of service for which regular CSRS retirement deductions were withheld, any post-56 military service performed before the transfer to FERS is credited under CSRS rules. In this case, no military deposit refund is payable.

Any military service performed after the transfer to FERS is credited under FERS computation rules.

Military Furloughs:

Under FERS, there is no distinction between the treatment of an employee who separates from his or her position during a period of war or national emergency and one who does not.

Consequently, a FERS employee who leaves a covered position to enter military service during a period of war or national emergency is considered separated and NOT deemed to be on military furlough. The employee must exercise his or her restoration rights within the time limits specified under title 38 of the U.S. Code in order to be treated as if he or she were on military furlough to obtain credit for the period of military separation.

Computing Annuity Estimates

Military Retired Pay and Exceptions:



Under FERS, if military retired pay is waived or meets any of the exceptions mentioned previously, the employee must make a deposit for any post-56 military service. This deposit equals 3% of the military base pay, plus interest (if the deposit is not timely).

The interest, if applicable, will be charged at the variable rate, which is determined annually by the Secretary of Treasury.

The following chart summarizes the interest rates which are applied to post-56 military deposits.

Interest Rates:

before 1948	4%	1992	8.125%
1948 - 1984	3%	1993	7.125%
1985	13%	1994	6.25%
1986	11.125%	1995	7.00%
1987	9%	1996	6.875%
1988	8.375%	1997	6.875%
1989	9.125%¹	1998	6.75%
1990	8.75%	1999	5.75%
1991	8.625%	2000	5.875%
		2001	6.375%
		2002	

Computing Annuity Estimates

Disability Retirement:

To be eligible for a disability retirement under CSRS, the employee must:



- have 5 years of creditable civilian service, and
- have become disabled for useful and efficient service in current position while employed subject to the Retirement System.
- be considered by the employing agency for any vacant positions for which qualified, in the same agency and commuting area, at same pay level.

Note: National Guard Technicians are eligible if their disability disqualifies them for membership in the National Guard, unless they decline an offer of a position in any agency at same pay and in same commuting area.

Guaranteed Minimum Annuity:

Under CSRS, a disabled retiree is entitled to receive a guaranteed minimum annuity. An employee who qualifies for disability retirement is entitled to receive the HIGHER of:

1. The earned annuity based on the High-3 average salary and years and months of service as of separation date

OR

2. A guaranteed minimum annuity, which is the *LESSER* of:
 - a. 40% of High-3 average salary; or,
 - b. A computation using the CSRS general formula after projecting the employee's service to age 60 years.

Computing Annuity Estimates

Disability Retirement:



The guaranteed minimum annuity will not benefit an employee who has at least 21 years and 11 months of service or who is age 60 or older. The earned annuity (actual service and High-3 average salary computation) will be used in these circumstances.

Refer to the example of a CSRS disability computation below.

Guaranteed Minimum Annuity Computation:

Employee: 50 years old
15 years of CSRS service
High-3 average salary = \$40,000

Earned annuity for 15 years of service equals:

15 years = $.2625 \times \$40,000 = \$10,500$

Guaranteed Minimum Annuity equals the lesser of:

a. $40\% \times \$40,000 = \$16,000$

b. Age 60 (Age 50 at retirement) = 10 years
(projected service) plus actual service of
15 years equals 25 years.

25 years = $.4625 \times \$40,000 = \$18,500$

☞ Guaranteed Minimum equals \$16,000 (which is
lesser of two computations)

Compare earned annuity of \$10,500 with guaranteed
minimum of \$16,000

**Retiring employee is entitled to Higher of two, or in this
case \$16,000 guaranteed minimum annual annuity.**

Computing Annuity Estimates

How the Disability Benefit May Be Affected:



After retirement, a CSRS and FERS disability annuitant may be required to undergo an annual medical examination until age 60 to determine whether s/he has recovered from the disabling condition. Also, the annuitant is subject to an earnings test until s/he reaches age 60.



If earnings from employment in private industry reaches 80% or more of current salary of position from which the disabled employee retired, the disability annuity will be discontinued.

As a general rule, employees receiving military retired pay or VA compensation in lieu of military retired pay are not eligible for the guaranteed minimum. There are exceptions for employees who receive retired pay due to a service-connected disability incurred in the line of duty during a period of war, or to retired pay received by members of the reserve components of the armed forces on the basis of age and service in the reserves.

Computing Annuity Estimates

FERS Disability Retirement

To be eligible for a disability retirement under FERS, the employee must:



- ✓ be disabled in the current position and unable to be placed in a vacant position for which qualified in the same agency, at the same pay, in the same commuting area, with same retention rights;
- ✓ have at least 18 months of creditable civilian service;
- ✓ apply for Social Security, or provide evidence of ineligibility.

Disability Annuity Computation:

Under FERS, the disability computation is calculated at three different points while the annuitant is on the disability rolls.

Note:

Part of the disability benefit package may include a disability benefit from Social Security. A FERS employee who is considering a disability retirement must also apply for disability benefits from Social Security. OPM cannot compute and pay its disability benefits until the eligibility and computation for Social Security disability benefits has been determined.

The disability benefit under FERS is computed as follows:

First Year:

During the first year on the disability annuity rolls, the benefit equals:

- 60% of High-3 Average Salary **LESS** 100% of the Social Security Disability Benefit (if entitled).

Computing Annuity Estimates

FERS Disability Retirement



Second Year:

During the second year on the disability rolls **and until retiree reaches age 62**, the benefit equals:

- 40% of High-3 Average Salary **LESS** 60% of the Social Security Disability Benefit (if entitled). FERS COLA'S are payable after first 12 months.

Re-computation at Age 62:

When the disability annuitant reaches age 62, the benefit is re-computed based on the earned benefit formula. The **total service** used in recomputation includes:

- ⇒ actual service performed, plus
- ⇒ the total time the annuitant was on the disability payroll.

The Average Salary used in recomputation equals the average salary at the beginning of disability annuity, increased by all FERS COLA'S during period the annuitant was on the disability annuity payroll.

Refer to the sample FERS disability computation on the following page.

Computing Annuity Estimates

FERS Disability Computation:



Employee became disabled at age 50:		15 years of service High-3 = \$40,000
☞	First Year: (not eligible for Soc. Sec. Disability)	
	60% x \$40,000 = \$24,000	
☞	Second Year (and until age 62):	
	40% x \$40,000 = \$16,000	
☞	Re-computation at Age 62:	
	Add 12 yrs. (time on disability rolls)	
	+ 15 yrs. (actual service performed)	
	27 yrs. (total service used for re-computation)	
Assume COLA'S for 12 year period compounded annually increased the Hi-3 Average Salary to \$50,000. Compute annuity:		
1.1% x \$50,000 = 550 x 27 yrs. = \$14,850		

Note: The 1.1% accrual factor is used when the annuity is recomputed because the employee is age 62 and has at least 20 years of service (projected service can be used).

A disability annuity based on 60% or 40% of the High-3 average salary less the appropriate reduction for Social Security Disability will **NOT** have a CSRS component.

A disability annuity may contain a CSRS component:

1. If it is computed in the same manner as a non-disability annuity; or,
2. When it is re-computed at age 62.

Computing Annuity Estimates

Special Retirement Provisions for Law Enforcement Personnel and Firefighters:



A CSRS employee is eligible for voluntary retirement under the special provisions for law enforcement officers and firefighters upon meeting the following requirements:

1. Be covered under CSRS for at least one year within the 2-year period immediately preceding the separation upon which the annuity is based;
2. Be at least age 50;
3. Have at least 20 years of creditable service as law enforcement or firefighter, or any combination of such service totaling at least 20 years.
4. A person with 20 years qualifying service can avoid mandatory retirement (age 55 for firefighters, 57 for law enforcement) by moving to a position that is excluded from coverage under the special law enforcement officer/firefighter (LEO/FF) provisions. Upon retirement from the non-LEO/FF position, the 2½ % formula for the LEO/FF service would still apply to the 20 years of qualifying service.

Computing Annuity Estimates

**Purpose of
the Special
Retirement
Provision:**



This provision initially affected only law enforcement officers of the Federal Bureau of Investigations, and was authorized to allow an earlier retirement for those law enforcement officers whose duties are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States and who, because of the physical requirements of their positions, are no longer capable of carrying on efficiently, and their replacement by younger employees would improve the service. Since August 14, 1972, this reasoning has been applied equally to Federal firefighters.

A more generous method of computing the amount of annuity is provided, not as a special regard for the type of service involved, but rather because a more liberal formula is usually necessary to make the earlier retirement (with fewer years of service) economically feasible. This provision also includes employees who transfer to a supervisory or administrative position in this type of capacity.

For firefighters, this provision covers employees whose primary duties require the performance of work directly connected with the control and extinguishment of fires, or the maintenance and use of firefighting apparatus and equipment, including an employee who is transferred to a supervisory or administrative position in this type of activity.

The determination of whether an employee is covered under these provisions is made by the appropriate administrative authority of an agency (the agency head or officials of major divisions of the agency to whom the agency head delegates the authority). Upon retirement, the employing agency must submit a certification letter with the employee's retirement package to OPM to certify that the service is covered under the special retirement provisions.

Computing Annuity Estimates

Employees Transferred to Supervisory or Administrative Positions:



An employee covered by the special provisions for law enforcement officers or firefighters may, under certain conditions, continue this coverage upon transfer to a supervisory or administrative position if:

- (1) Service in the position to which transferred follows service in a qualifying covered position without a break in service of more than three days, or after intervening employment in a non-qualifying covered position.
- (2) For law enforcement officers, the duties of the position transferred to must be in the law enforcement line of work in an organization with responsibility for the investigation, apprehension, or detention of suspected or convicted criminals. The position transferred to must be:
 - Supervisory - which includes a duty of supervising subordinates in rigorous positions who are directly engaged in the investigation, apprehension, or detention of criminals; or
 - Administrative - which includes an executive or managerial position, and may include a technical, semiprofessional or professional position of a type also found in organizations with no law enforcement responsibility, provided that experience as a law enforcement officer is a mandatory prerequisite for the administrative position.

Computing Annuity Estimates

**Employees
Transferred
to Supervisory or
Administrative
Positions:**



- (3) For firefighters, the duties of the position transferred to must be in the firefighting line of work in an organization with the responsibility for the control or extinguishment of fires. The position transferred to must be:
 - (a) Supervisory - which includes a duty of supervising subordinates in rigorous positions who are directly engaged in firefighting and/or in the maintenance and use of firefighting apparatus and equipment.
 - (b) Administrative - which includes an executive or managerial position, and may include a technical, semiprofessional or professional position of the type also found in organizations with no firefighting (and/or maintenance and use of firefighting apparatus and equipment) responsibility, provided that experience as a firefighter is a mandatory prerequisite for the administrative position.
- (4) The foregoing guidelines refer to a transfer from a primary (law enforcement/firefighter) position, but they have general application also to employees in covered supervisory- administrative positions who move to another covered supervisory-administrative position. For CSRS positions, there is no time limit for coverage in a primary position that the employee must meet before transferring to a supervisory-administrative position.

Computing Annuity Estimates

Crediting Military Service Under the Special Provision



- (1) The law requires 20 years of civilian service in a law enforcement or firefighter position. Military service, even though it may have been law enforcement or firefighter work, may **NOT** be counted in determining the 20-year period. However, after the minimum period of qualifying service has been established, military service is creditable in computing the annuity rate.
- (1) Periods of military service during which the employee is on furlough from a civilian position may be counted as civilian service. Therefore, an employee serving in a law enforcement or firefighter position who goes on military furlough will be credited with the military furlough period in computing the 20-year minimum. Of course, if the employee is receiving military retired pay or was discharged under conditions which would preclude credit for military service, the period of military furlough could not be counted.

If an employee retires on a voluntary retirement, the annuity is subject to the 3-day rule. (The employee must retire the last day of the month, or within the first three days of the next month for the annuity to be effective the next day.)

If an employee retires on an involuntary retirement (age 55 for firefighters, 57 for law enforcement), the annuity will begin the next day. Agencies must notify employees of the mandatory retirement date.

Computing Annuity Estimates

Computation of the Annuity:



An employee retiring under CSRS will receive 2½% of his/her "High-3" for each year up to 20 years of qualifying LEO/FF service. This will equal 50% of the "High-3." For each year that exceeds 20 years of qualifying service, the employee will receive 2% of the "High 3." The CSRS age reduction will not apply.

CSRS Air Traffic Controllers also are eligible to retire at age 50 with 20 years of service. CSRS ATC's are guaranteed to receive the higher of:

1. 50% of the High-3 (the guaranteed benefit); or
2. The annuity computed under the general formula.

If CSRS Law Enforcement Officers and Firefighters transfer to FERS, they can use the higher 2-1/2% accrual factor for all years of qualifying service under CSRS (up to 20 years), if they have a CSRS component.

Refer to the sample CSRS LEO computation below.

Sam Watson retires with 32 years, 9 months of service.
His "High 3" is \$77,654.94.

The computation of his basic annuity under the special provision formula is:

$$\begin{array}{lcl} 2.50\% \times \$77,654.94 = & \$1,941.37 \times 20.000 \text{ yrs} = & \$38,827 \\ 2.00\% \times \$77,654.94 = & \$1,553.08 \times 12.750 \text{ yrs.} = & \underline{\$19,802} \end{array}$$

$$\text{Basic Annuity} \quad = \quad \$58,629$$

The Factor Table on the next page may be used for computing the basic annuity under the special provision formula.

Monthly Rate: **\$58,629 divided by 12 = \$4,885 (rounded down to the lower dollar).**

Computing Annuity Estimates

CSRS Law Enforcement and Firefighter Retirement Factor Chart



No. Of Years	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.025000	0.027083	0.029167	0.031250	0.033333	0.035417	0.037500	0.039583	0.041667	0.043750	0.045833	0.047917
2	0.050000	0.052083	0.054167	0.056250	0.058333	0.060417	0.062500	0.064583	0.066667	0.068750	0.070833	0.072917
3	0.075000	0.077083	0.079167	0.081250	0.083333	0.085417	0.087500	0.089583	0.091667	0.093750	0.095833	0.097917
4	0.100000	0.102083	0.104167	0.106250	0.108333	0.110417	0.112500	0.114583	0.116667	0.118750	0.120833	0.122917
5	0.125000	0.127083	0.129167	0.131250	0.133333	0.135417	0.137500	0.139583	0.141667	0.143750	0.145833	0.147917
6	0.150000	0.152083	0.154167	0.156250	0.158333	0.160417	0.162500	0.164583	0.166667	0.168750	0.170833	0.172917
7	0.175000	0.177083	0.179167	0.181250	0.183333	0.185417	0.187500	0.189583	0.191667	0.193750	0.195833	0.197917
8	0.200000	0.202083	0.204167	0.206250	0.208333	0.210417	0.212500	0.214583	0.216667	0.218750	0.220833	0.222917
9	0.225000	0.227083	0.229167	0.231250	0.233333	0.235417	0.237500	0.239583	0.241667	0.243750	0.245833	0.247917
10	0.250000	0.252083	0.254167	0.256250	0.258333	0.260417	0.262500	0.264583	0.266667	0.268750	0.270833	0.272917
11	0.275000	0.277083	0.279167	0.281250	0.283333	0.285417	0.287500	0.289583	0.291667	0.293750	0.295833	0.297917
12	0.300000	0.302083	0.304167	0.306250	0.308333	0.310417	0.312500	0.314583	0.316667	0.318750	0.320833	0.322917
13	0.325000	0.327083	0.329167	0.331250	0.333333	0.335417	0.337500	0.339583	0.341667	0.343750	0.345833	0.347917
14	0.350000	0.352083	0.354167	0.356250	0.358333	0.360417	0.362500	0.364583	0.366667	0.368750	0.370833	0.372917
15	0.375000	0.377083	0.379167	0.381250	0.383333	0.385417	0.387500	0.389583	0.391667	0.393750	0.395833	0.397917
16	0.400000	0.402083	0.404167	0.406250	0.408333	0.410417	0.412500	0.414583	0.416667	0.418750	0.420833	0.422917
17	0.425000	0.427083	0.429167	0.431250	0.433333	0.435417	0.437500	0.439583	0.441667	0.443750	0.445833	0.447917
18	0.450000	0.452083	0.454167	0.456250	0.458333	0.460417	0.462500	0.464583	0.466667	0.468750	0.470833	0.472917
19	0.475000	0.477083	0.479167	0.481250	0.483333	0.485417	0.487500	0.489583	0.491667	0.493750	0.495833	0.497917
20	0.500000	0.501667	0.503333	0.505000	0.506667	0.508333	0.511667	0.511667	0.513333	0.515000	0.516667	0.518333
21	0.520000	0.521667	0.523333	0.525000	0.526667	0.528333	0.530000	0.531667	0.533333	0.535000	0.536667	0.538333
22	0.540000	0.541667	0.543333	0.545000	0.546667	0.548333	0.550000	0.551667	0.553333	0.555000	0.556667	0.558333
23	0.560000	0.561667	0.563333	0.565000	0.566667	0.568333	0.570000	0.571667	0.573333	0.575000	0.576667	0.578333
24	0.580000	0.581667	0.583333	0.585000	0.586667	0.588333	0.590000	0.591667	0.593333	0.595000	0.596667	0.598333
25	0.600000	0.601667	0.603333	0.605000	0.606667	0.608333	0.610000	0.611667	0.613333	0.615000	0.616667	0.618333
26	0.620000	0.621667	0.623333	0.625000	0.626667	0.628333	0.630000	0.631667	0.633333	0.635000	0.636667	0.638333
27	0.640000	0.641667	0.643333	0.645000	0.646667	0.648333	0.650000	0.651667	0.653333	0.655000	0.656667	0.658333
28	0.660000	0.661667	0.663333	0.665000	0.666667	0.668333	0.670000	0.671667	0.673333	0.675000	0.676667	0.678333
29	0.680000	0.681667	0.683333	0.685000	0.686667	0.688333	0.690000	0.691667	0.693333	0.695000	0.696667	0.698333
30	0.700000	0.701667	0.703333	0.705000	0.706667	0.708333	0.710000	0.711667	0.713333	0.715000	0.716667	0.718333
31	0.720000	0.721667	0.723333	0.725000	0.726667	0.728333	0.730000	0.731667	0.733333	0.735000	0.736667	0.738333
32	0.740000	0.741667	0.743333	0.745000	0.746667	0.748333	0.750000	0.751667	0.753333	0.755000	0.756667	0.758333
33	0.760000	0.761667	0.763333	0.765000	0.766667	0.768333	0.770000	0.771667	0.773333	0.775000	0.776667	0.778333
34	0.780000	0.781667	0.783333	0.785000	0.786667	0.788333	0.790000	0.791667	0.793333	0.795000	0.796667	0.798333
35	0.800000											

Computing Annuity Estimates

Special Provisions for Law Enforcement Personnel and Firefighters:



An employee retiring under FERS LEO/FF special retirement provisions is covered under different rules than CSRS employees.

First, the definition of a law enforcement officer or firefighter includes the requirement that the positions be limited to “young and vigorous” personnel.

Second, in order to qualify for the enhanced benefit, the employee must occupy ***a primary or first-line law enforcement or firefighting position for at least 3 years*** before moving to an administrative or supervisory position. The FERS definition and the 3-year requirement are generally more strict than the CSRS special retirement provision rules for law enforcement officers and firefighters.

The earnings test will **NOT** be applied to the Special Retirement Supplement until the retiree reaches the MRA.

Once an employee has performed ***20 years of qualifying law enforcement/firefighter service*** and reaches the ***mandatory retirement age (55 or 57), mandatory retirement rules apply.***

Other FERS provisions, including Social Security benefits and the Thrift Savings Plan (TSP) are the same as for all other FERS employees.

Note: A FERS employee covered under these special provisions can retire with 25 years of service at any age. (This could be before age 50.)

Computing Annuity Estimates

Special Provisions for Law Enforcement Personnel and Firefighters:



If an employee transferred from CSRS to FERS, s/he begins accruing time for qualifying LEO/FF service at 1.7 percent.

If an employee retires on voluntary retirement under FERS, the annuity begins the first day of the next month. It is, therefore, advisable to retire on the last day of the month.

Disability Retirement for Law Enforcement Officers and Firefighters

The regular disability formulas apply in CSRS and FERS, respectively.

Computation of Benefits:

Under FERS, an individual retiring under the special retirement provisions can receive an unreduced annuity at age 50 with 20 years of qualifying service, or after 25 years of qualifying service at any age.

**FERS
Formula:**

1.7% x High-3 x up to 20 years of qualifying service,

plus

1.0% x High-3 x years of service in excess of 20 years

Refer to the sample FERS LEO computation on the following page.

Computing Annuity Estimates

Computation of Benefits:



FERS Law Enforcement Officer:

Age 48
25 year service (all covered under the special provisions)
High 3 Average Salary = \$47,654.94

FERS Computation Equals:

$$\begin{aligned} 1.7\% \times \$47,654.94 &= \$810.13 \times 20 \text{ years} = \$16,202.68 \\ &+ \\ 1.0\% \times 47,654.94 &= \$476.55 \times 5 \text{ years} = \underline{2,382.75} \end{aligned}$$

Basic Annuity equals \$18,585.43

The Factor Table on next page may be used for computing the basic annuity under the FERS special provisions.

- ☞ A **Special Retirement Supplement** will be payable until age 62.
- ☞ **The Social Security Earnings Test** is not applicable until the retiree reaches his/her MRA.
- ☞ **COLA's** begin at retirement instead of age 62.
- ☞ **Mandatory retirement** is at age 57 for Law Enforcement Officers after completing 20 years of qualifying service, and age 55 for Firefighters.

Computing Annuity Estimates

FERS Law Enforcement, Firefighters and Air Traffic Controllers Retirement Factor Chart



No. Of Years	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.017000	0.018417	0.019833	0.021250	0.022667	0.024084	0.025500	0.026917	0.028334	0.029750	0.031167	0.032584
2	0.034000	0.035417	0.036833	0.038250	0.039667	0.041084	0.042500	0.043917	0.045334	0.046750	0.048167	0.049584
3	0.051000	0.052417	0.053833	0.055250	0.056667	0.058084	0.059500	0.060917	0.062334	0.063750	0.065167	0.066584
4	0.068000	0.069417	0.070833	0.072250	0.073667	0.075084	0.076500	0.077917	0.079334	0.080750	0.082167	0.083584
5	0.085000	0.086417	0.087833	0.089250	0.090667	0.092083	0.093500	0.094917	0.096333	0.097750	0.099167	0.100583
6	0.102000	0.103417	0.104833	0.106250	0.107667	0.109083	0.110500	0.111917	0.113333	0.114750	0.116167	0.117583
7	0.119000	0.120417	0.121833	0.123250	0.124667	0.126083	0.127500	0.128917	0.130333	0.131750	0.133167	0.134583
8	0.136000	0.137417	0.138833	0.140250	0.141667	0.143083	0.144500	0.125917	0.147333	0.148750	0.150167	0.151583
9	0.153000	0.154417	0.155833	0.157250	0.158667	0.160083	0.161500	0.162917	0.164333	0.165750	0.167167	0.168583
10	0.170000	0.171417	0.172833	0.174250	0.175667	0.177083	0.178500	0.179917	0.181333	0.182750	0.184167	0.185583
11	0.187000	0.188417	0.189833	0.191250	0.192667	0.194083	0.195500	0.196917	0.198333	0.199750	0.201167	0.202583
12	0.204000	0.205417	0.206833	0.208250	0.209667	0.211083	0.212500	0.213917	0.215333	0.216750	0.218167	0.219583
13	0.221000	0.222417	0.223833	0.225250	0.226667	0.228083	0.229500	0.230917	0.232333	0.233750	0.235167	0.236583
14	0.238000	0.239417	0.240833	0.242250	0.243667	0.245083	0.246500	0.247917	0.249333	0.250750	0.252167	0.253583
15	0.255000	0.256417	0.257833	0.259250	0.260667	0.262083	0.263500	0.264917	0.266333	0.267750	0.269167	0.270583
16	0.272000	0.273417	0.274833	0.276250	0.277667	0.279083	0.280500	0.281917	0.283333	0.284750	0.286167	0.287583
17	0.289000	0.290417	0.291833	0.293250	0.294667	0.296083	0.297500	0.198917	0.300333	0.301750	0.303167	0.304583
18	0.306000	0.307417	0.308833	0.310250	0.311667	0.313083	0.314500	0.315917	0.317333	0.318750	0.320167	0.321583
19	0.323000	0.324417	0.325833	0.327250	0.328667	0.330083	0.331500	0.332917	0.334333	0.335750	0.337167	0.338583
20	0.340000	0.340833	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.356667	0.347500	0.348333	0.349167
21	0.350000	0.350833	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357500	0.358333	0.359167
22	0.360000	0.360833	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
23	0.370000	0.370833	0.371667	0.372500	0.373333	0.373167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
24	0.380000	0.380833	0.381667	0.382500	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
25	0.390000	0.390833	0.391667	0.392500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
26	0.400000	0.400833	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167
27	0.410000	0.410833	0.411667	0.412500	0.413333	0.414167	0.415000	0.415833	0.416667	0.417500	0.418333	0.419167
28	0.420000	0.420833	0.421667	0.422500	0.423333	0.424167	0.425000	0.425833	0.426667	0.427500	0.428333	0.429167
29	0.430000	0.430833	0.431667	0.432500	0.433333	0.434167	0.435000	0.435833	0.436667	0.437500	0.438333	0.439167
30	0.440000	0.440833	0.441667	0.442500	0.443333	0.444167	0.445000	0.445833	0.446667	0.447500	0.448333	0.449167

Computing Annuity Estimates

Combination

(CSRS and FERS)

Law Enforcement and

Firefighter Annuity:

In some cases, individuals will retire under FERS and have a CSRS component. In these situations, the annuity is computed according to the sample below.



Tom Jones will retire with 33 years of service. He transferred to FERS on January 1, 1988 with 20 years of qualifying service under CSRS. He worked for 4 years under the FERS special provisions. He had 9 years of non-law enforcement service under CSRS. He is retiring on December 31, 1991. His "High 3" is \$45,000. The computation of his annuity under the special provision formula is:

CSRS		FERS	
(29 years)		(4 years)	
\$45,000		\$45,000	
x 50% (first 20 years)		x 6.8% (1.7% x 4 years)	
\$22,500 CSRS		\$3,060 FERS	
Component		Component	
	\$22,500	(20 years CSRS)	
+	\$8,100**	(additional 9 years under CSRS)	
+	\$3,060	(FERS)	
\$33,660 Basic Annual Annuity			

**The additional \$8,100 comes from the 9 years under CSRS multiplied by the average salary at the 2% rate. (\$45,000 X 18% = \$8,100)

Remember, the employee would also qualify for the Special Retirement Supplement and Social Security coverage.

One final thought: under CSRS, the maximum basic annuity (before reduction for survivor benefit) is 80%, plus credit for unused sick leave. Under FERS, there is no maximum annuity.

Computing Annuity Estimates

Computation of the Annuity for Military Reserve Technicians (FERS):



A military Reserve Technician is a civilian employee who is a member of the Army National Guard of the U. S., the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the U. S., the Air Force Reserve, or the Coast Guard Reserve who is assigned to duties in one of these components and who is required to maintain a specific military grade in order to continue in civilian employment.

Unreduced Annuity:

A Military Reserve Technician who is separated from civilian service because of ceasing to qualify as a member of a military reserve component may retire at:

- ☞ Age 50 with 25 years of service. The retiring employee is not required to accept a position two grades lower, as is required for regular involuntary separations.

Special Retirement Supplement:

A *Special Retirement Supplement* is payable until age 62.

- ☞ The supplement is not subject to *Social Security Earnings Test* until Minimum Retirement Age (55-57) is reached.

Disability Retirement:

If the technician loses his/her military status due to a disability; FERS disability benefits are payable after only 18 months of civilian service. However, the employee cannot qualify for disability retirement if s/he is eligible for the special unreduced annuity described above.

Computing Annuity Estimates

Computation

Formula:

The formula used to compute an annuity amount is the same as the formula used for regular FERS retirees.



Refer to the sample computation below:

Technician retires at age 50 with 25 yrs service
Hi-3 Average Salary = \$30,000

$$1\% \times \$30,000 = 300 \times 25 \text{ yrs} = \$7,500$$

COLA'S will begin before age 62 ONLY in the case of separation from technician service resulting from loss of military membership or rank on account of disability after attaining age 50 and completing 25 years of service.

Note: Military Reserve Technicians are **not** eligible for the 1.1% annuity formula under FERS, regardless of how long they work or their age at retirement.

Computing Annuity Estimates

Air Traffic Controllers:

Mandatory Retirement for Air Traffic Controllers under CSRS and FERS is:



- Age 56 with 20 years of ATC service



CSRS Component: The CSRS General Formula applies to the CSRS component

Note: Public Law 92-297 guarantees no less than 50% of the employee's High-3 if the individual doesn't switch to FERS, and completes 20 years of CSRS as an air traffic controller (not including military service).

FERS Component: $1.7\% \times \text{Average Salary} \times \text{Length of Service}$ that applies to the FERS Component (not more than 20 years of qualifying service); plus,

$1.0\% \times \text{Average Salary} \times \text{Length of Service}$ that applies to the FERS Component in excess of 20 years

Computing Annuity Estimates

Transfer from CSRS to FERS



For those employees who transferred to FERS with five or more years of creditable CSRS service at time of transfer, the more flexible FERS rules will be applicable to determine retirement **eligibility**. The retirement **benefits** will come from both CSRS and FERS, using the CSRS formula for the years covered by CSRS and the FERS formula for the years spent under FERS. In essence, the totals of the two benefits will be combined and become FERS benefits once the transfer is complete.

Disability Benefits:

Disability benefits for those who become disabled after transferring to FERS will be computed under FERS rules. However, there may be a CSRS component if the earned annuity computation (non-disability) is used or when the annuity is recomputed at age 62.

Survivor Benefits:

Survivor benefits elected by transferees will be based entirely under FERS rules, even though the retiree's benefit will be a combined CSRS/FERS annuity.

COLAs:

Cost of Living Adjustments (COLA's) for transferees with a CSRS component will have the COLA based on the CSRS portion of the annuity computed under the CSRS rules, which will be payable upon retirement. The FERS COLA will not begin until age 62.

Exception:

COLA's for Special Groups (Law Enforcement Officers, etc.) begin at retirement.

Examples of annuity computations for transferees are on the following page.

Computing Annuity Estimates

Examples of Annuity Computations for Transferees

CSRS service 20 yrs. FERS service 10 yrs. High-3 = \$58,000

Regular Employee

CSRS computation -- 20 yrs = $.3625 \times \$58,000 =$ \$21,025

FERS computation -- $1\% \times \$58,000 = \$580 \times 10 =$ \$ 5,800

Total Combined Annuity \$26,825

Law Enforcement Officer & Firefighter

CSRS computation -- $2\frac{1}{2}\% \times \$58,000 = \$1,450 \times 20 =$ \$29,000

FERS computation -- $1.7\% \times \$58,000 = \$986 \times 10 =$ \$ 9,860

Total Combined Annuity \$38,860

Air Traffic Controller*

CSRS computation -- 20 yrs = $.3625 \times \$58,000 =$ \$21,025

FERS computation -- $1.7\% \times \$30,000 = \$986 \times 10 =$ \$ 9,860

Total Combined Annuity \$30,885

* **The guaranteed minimum benefit for air traffic controllers under CSRS CANNOT be used in computing the CSRS component of an ATC who switched to FERS. Only the regular CSRS formula will be used for the CSRS component.**

Note: If there is a CSRS component, none of the Law Enforcement/Firefighter service taking place before the transfer to FERS counts against the 20 year limitation for the special FERS computation. A new time frame for the 20 years of qualifying service starts with transfer to FERS at the accrual rate of 1.7%. It does count toward the 20 years total service necessary to qualify for the Law Enforcement/Firefighter retirement.

Computing Annuity Estimates

Voluntary Contributions:



An employee covered by CSRS (including CSRS offset) who wants to receive a larger annuity than would be payable based on the total length of creditable service and "High-3" may make voluntary contributions to purchase additional annuity.

An employee who owes a deposit or redeposit for civilian service can elect to make voluntary contributions *only after the deposit or redeposit is paid*. Also, an employee who has previously made voluntary contributions and received a refund of those contributions, may not make voluntary contributions again, unless s/he has had a break in service after receiving the refund.

An employee who is covered by FERS *may not open a voluntary contributions account*. An employee who had a voluntary contributions account before becoming covered by FERS may retain an account, which will continue to earn market interest, but may not add to the account.

Amount of Additional Annuity:

At retirement, each \$100 paid into a voluntary contributions account (including interest earned) will provide an additional annuity of \$7 a year, plus 20 cents for each full year the employee is over age 55. The employee may also choose to share the additional annuity by electing to provide a survivor annuity. However, the employee's additional annuity would then be reduced by 10 to 40 percent depending on the difference between the employee's age and the age of the person designated to receive the survivor annuity. Any person related or unrelated to the employee, may be designated, and need not be the same person for whom the regular survivor annuity benefits were elected.

Note: Voluntary contributions annuities are not increased by COLA's.

Computing Annuity Estimates

Voluntary Contributions:



Interest:

Voluntary contributions earn a variable interest rate determined by the Treasury Department each calendar year, based on the average yield of new investments purchased by the Retirement Fund during the previous fiscal year. The interest credited to each voluntary contributions account is compounded annually on December 31. The 2001 interest rate paid on voluntary contributions is 6.375%.

As a general rule, if an employee separates from Federal service to retire on an immediate annuity, interest accrues on the voluntary contributions account to the date of separation for retirement. If an employee separates from Federal service with entitlement to a deferred annuity at age 62, interest continues to accrue to the beginning date of annuity or death, whichever is earlier. However, if a separated employee takes a refund of the voluntary contributions, or does not have title to a deferred annuity, interest accrual stops at the date of separation from service.

Limitations on Voluntary Contributions:

Voluntary contributions may be made only in amounts of \$25 or in multiples of \$25 (\$50, \$75, etc.). Total contributions may not exceed 10 percent of the total basic pay the employee received during all of his or her Federal service.

Computing Annuity Estimates

Voluntary Contributions:



Refund of Voluntary Contributions:

An employee may withdraw all voluntary contributions with interest at any time before receiving additional annuity based on those contributions. If the employee dies while still in Federal service (or after separation but, before receipt of annuity benefits), the voluntary contributions account, plus interest, will be paid to the employee's survivors, under the order of precedence specified in the retirement law, as a lump sum payment.

If the employee dies after retirement before having received additional annuity payments equal to the voluntary contributions amount, plus interest, the difference will be paid either as a lump sum payment or in additional survivor annuity payments, depending upon the employee's election at retirement.

Application Form and Payments:

A CSRS (or CSRS Offset) employee who wishes to make voluntary contributions should file a Standard Form 2804, **Application to Make Voluntary Contributions**, with OPM. After the application is approved, OPM will assign the employee an account number, and send instructions for making contributions.

Computing Annuity Estimates

Voluntary Contributions:



Application Form and Payments:

The employee should not send money with the application. Contributions will not be accepted until the application is approved. OPM will not approve an application from an employee who:

1. has not deposited amounts covering all civilian service; or,
2. has previously received a refund of voluntary contributions, unless the applicant was separated for more than three calendar days, and was again employed under CSRS after the refund was paid.

Expediting Refunds of Voluntary Contributions:

You might, like most employees, choose to elect to receive a refund of voluntary contributions (VC) rather than use the VC to purchase additional annuity. If the interest on the VC is at least \$200, the employee can elect to have OPM roll over all or part of the interest to an Individual Retirement Account (IRA) or other qualified retirement plan to defer income tax. Under OPM's current procedures, they have to send an election package to the employee to obtain his/her rollover election before authorizing the refund. If the employee is retiring, OPM will delay final adjudication of the retirement claim and the VC refund until OPM receives the rollover election.

To expedite payment for those employees in a position to make rollover decisions at the time they request a refund, OPM will allow employees to submit their rollover election with their refund request. Employees, including retiring employees, should submit their refund/rollover elections directly to OPM.

Computing Annuity Estimates

Voluntary Contributions:



Expediting Refunds of Voluntary Contributions:

Since interest accrual generally stops at separation, retiring employees should submit their refund requests to OPM at least 60 days before retirement.

Retiring employees who properly complete the new Voluntary Contributions Election form (RI 38-124) will receive their refunds about 60 days earlier than under the current process.

Those individuals who want OPM to pay all or part of the interest to an IRA or other qualified retirement account should ensure that the financial institution completes Part II of Form RI 38-124. OPM can rollover the interest only if the interest is at least \$200. If the refund/rollover election is received with the employee's retirement package, OPM will expedite payment by processing the refund separately from the retirement application.

Employees should send the completed Form RI 38-124 to:

**Office of Personnel Management
Retirement Operations Center
(ATTN: Refunds Section)
P.O. Box 45
Boyers, PA, 16017**

Retiring employees who want to use their VC to purchase additional annuity should complete Part III of RI 38-124 and return it to their personnel office.

Note: Spousal notification is not required for a voluntary contributions refund.

Computing Annuity Estimates

Annuity Computations Questions:

Questions/Comments	Answers

Computing Annuity Estimates

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Retirement Application Process

Module 4: Processing Your Retirement Application

Objectives:



1. Identify the various retirement application forms under CSRS and FERS.
 2. Explain the steps that must be taken by the retiring employee and the agency to ensure that the application process is managed properly;
 3. Identify sources of information available to Federal employees and retirees.
 4. Explain how to avoid common problems in the retirement application process.
-

Retirement Application Process



ACKNOWLEDGMENT OF RECEIPT OF APPLICATION AND CSA ID CARD

YOUR RETIREMENT APPLICATION HAS BEEN RECEIVED

We have received your application for retirement. Your application will be processed as promptly as possible. **NOTE:** Applications for disability retirement require medical approval and generally take longer to process.

As soon as we complete work on your application, we will send you information on the amount of your annuity, when to expect your first check, and other information of importance to you as a retired employee of the U.S. Government. If necessary, we will include in your first check any retroactive annuity due to cover the period while your case is being processed.

Be sure to notify us promptly of any change in your address, using the form at left, so that your check can be correctly mailed. Also notify your old post office of a change of address so they can forward mail to your new address.

Your regular monthly payments will be made by check on the first business day of the month, covering your annuity for the preceding month.

If you contact us for any reason, be sure to give your Civil Service annuity claim number. Please retain the attached card as a permanent record of your claim number.

CSA

United States
Office of
Personnel
Management

DOB

APPLICANT'S SIGNATURE

The individual identified on the other side of this card has applied for an/or is receiving benefits from the Civil Service Retirement System

If found please return to
U.S. Office of Personnel Management
Retirement and Insurance Programs
Washington, DC 20415
POSTAGE WILL BE GUARANTEED

BRI 48-29
1983

Retirement Application Process

Retirement Benefits Booklet:

OPM has re-designed the annuity statement provided to Federal retirees. The old version of the annuity statement explained the annuity amount and the various benefits that the retiree received based on elections made at retirement.

Beginning September 1999, OPM began providing newly retired Federal employees with a Retirement Benefits Booklet, "*Your Federal Retirement Benefits*." The booklet is personalized to explain all of the information pertaining to an individual's Federal career history and the elections s/he made at retirement. Generally, retirees will receive this booklet within 3-4 weeks after OPM receives their retirement package.

A sample of the Retirement Benefits Booklet is provided at the end of this module. Please note that the sample provided is only a **portion** of the booklet that a retiree will receive.

Retirement Application Process



Overview of Responsibilities

The Employing Agency:

When an employee is considering retirement under CSRS or FERS, the agency plays an important role in ensuring that the retirement application process is smooth for the agency and the employee.

The agency benefits counselor needs to guide employees through the retirement application process by providing all the information that employees need about the following topics:

- Completing the Application for Retirement and related forms;
- Continuing health benefits and life insurance into retirement;
- Verifying civilian and military service;
- Providing an annuity estimate;
- Answering questions about TSP and Social Security benefits (if applicable).

Employees who are approaching retirement should contact their personnel office at least one year in advance of their anticipated retirement date to gather information about their benefits and request an annuity estimate.

Retirement Application Process



Overview of Responsibilities

The Retiring Employee:

The employee also plays a critical role in the retirement application process. Employees should not wait until a few months before they want to retire to begin the planning process. Employees should begin planning for retirement at least 5 years before they are eligible so they can be aware of the various benefits and options available to them. Planning in advance also allows employees to make informed decisions about their retirement benefits.

Planning for retirement well in advance of the actual date will give employees the opportunity to answer several important questions:

1. Is all of my civilian and military service documented in my Official Personnel Folder (OPF)? If not, where do I go to obtain the necessary documentation?
2. Do I owe any deposits for civilian or military service? Do I owe a redeposit for any refunded civilian service? If I do, how will the payment or non-payment of the deposit or redeposit affect my annuity computation?
3. Will I be able to continue my health benefits and life insurance into retirement? If not, based on my projected retirement date, can I enroll in health benefits coverage before I retire and meet the eligibility requirements to continue this coverage?

Retirement Application Process



Overview of Responsibilities

The Retiring Employee:

4. Will I be eligible to receive a benefit from Social Security? If so, how will this benefit impact my annuity?
5. Have I verified all of my designation of beneficiary forms for lump sum retirement contributions and for life insurance (if enrolled)? Are my existing designations accurate or do I need to complete new forms?
6. Do I have a Thrift Savings Plan account¹? Has my agency provided me with all of the necessary publications and forms about my TSP so I can make an informed withdrawal decision?

¹FERS employees automatically get a 1% agency automatic contribution to the TSP, even if the employees choose not to contribute their own money.

Retirement Application Process

Forms & Documents:



"How do I know what forms I need to complete and what documents to submit when I retire?"

The retirement application process under CSRS and FERS involves both the agency and the retiring employee. Each party is required to complete several different types of forms before the retirement application package can be completed.

The types of forms that the employee and the agency must complete will depend on the employee's work history, eligibility for life insurance and health benefits coverage, etc. The following charts list the types of forms and documents that, ***in general***, both the agency and the employee must complete and submit as part of the retirement application process.

Retirement Application Process

CSRS Forms:



CSRS Forms & Documents Completed During the Retirement Application Process	
<i>Employee Completes & Submits:</i>	<i>Agency Completes & Submits:</i>
SF 2801: Application for Immediate Retirement (Schedules A, B, and C) The SF 2801 is required	SF 2801-1: Certified Summary of Federal Service The agency completes this form to verify civilian and military service.
SF 2801-2: Spouse's Consent to Survivor Election The SF 2801-2 is completed by the current spouse if the employee elects a less than maximum survivor benefit Attachment to the SF 2801-2: Health Benefits Consent Form The attachment form is completed by the employee and the current spouse if the employee elects a self only annuity at retirement. This consent form tells the spouse that upon the death of the retiree, s/he cannot continue FEHB coverage since no survivor annuity will be payable	SF 2801 Schedule D: Agency Checklist The agency completes this form to indicate it has included all necessary forms and documents
SF 2801-3: Combination Current/Former Spouse Survivor Election This form is completed by the employee if s/he elects a combination survivor annuity for current and former spouse(s)	SF 2821: Agency Certification of Life Insurance Status The agency completes this form to certify FEGLI coverage if the employee appears eligible to continue life insurance into retirement

Retirement Application Process

CSRS Forms:



CSRS Forms & Documents Completed During the Retirement Application Process	
<i>Employee Completes:</i>	<i>Agency Completes:</i>
<p>SF 2818:</p> <p>Continuation of Life Insurance Coverage</p> <p>The employee completes this form to elect the amount of post-retirement basic life insurance</p>	<p>SF 2819:</p> <p>Notice of Conversion Privilege</p> <p>This form is completed and given to retiring employees to advise them of their right to convert life insurance to a private policy</p>
<p>SF 2817:</p> <p>Life Insurance Election Form</p> <p>The employee completes this form if s/he wishes to cancel basic and/or optional life insurance(s)</p>	<p>SF 2809 and SF 2810:</p> <p>Health Benefits Enrollment Forms and Health Benefits Change Forms</p> <p>The agency should include all health benefits documentation in the retirement package for OPM to verify that the employee can continue coverage into retirement. If the employee is not eligible to continue coverage, terminate the coverage on the SF 2810, and forward the documents to OPM with the retirement package</p>
<p>SF 2823:</p> <p>FEGLI Designation of Beneficiary</p> <p>The employee should complete this form, or review the form on file, if s/he plans to designate an individual(s) to receive the life insurance benefits</p>	<p>SF 2817 & SF 2823:</p> <p>Life Insurance Election Form & FEGLI Designation of Beneficiary</p> <p>The agency should include all life insurance election forms and the most current designation of beneficiary in the retirement package.</p>

Retirement Application Process

CSRS Forms:



CSRS Forms & Documents Completed During the Retirement Application Process	
Employee Completes:	Agency Completes:
<p>SF 2808:</p> <p>Designation of Beneficiary for CSRS Lump Sum Retirement Contributions</p> <p>The employee should complete this form, or review the form on file, if s/he plans to designate an individual(s) to receive any CSRS Lump Sum retirement contributions upon death.</p>	<p>SF 2806:</p> <p>Individual Retirement Record</p> <p>The payroll office completes and certifies the SF 2806 to document the employee's pay history, retirement contributions, leave, final salary and post-56 military deposits. This form must be forwarded with the retirement package to OPM.</p>
<p>DD 214:</p> <p>Military Discharge Certificate</p> <p>If the employee performed any active military service, s/he should submit copies of the discharge certificates</p>	
<p>Copy of Military Retired Pay Waiver Request (Submit if necessary)</p>	
<p>SF 1199 A:</p> <p>Direct Deposit Form</p> <p>The employee may complete and submit the Direct Deposit form with the retirement package for OPM to process and pay the annuity checks by direct deposit.</p>	
<p>W-4P-A:</p> <p>Federal Tax Withholding Form</p> <p>The employee may submit the W-4P-A to OPM with the retirement package if s/he plans to change the Federal withholding rate</p>	
<p>State Tax information, if necessary</p>	

Retirement Application Process

FERS Forms:



FERS Forms & Documents Completed During the Retirement Application Process	
<i>Employee Completes & Submits:</i>	<i>Agency Completes & Submits:</i>
SF 3107: Application for FERS Immediate Retirement (Schedules A, B, and C) The SF 3107 is required	SF 3107-1: Certified Summary of Federal Service The agency completes this form to verify civilian and military service.
SF 3107-2: Spouse's Consent to Survivor Election The SF 3107-2 is completed by the current spouse if the employee elects a less than maximum survivor benefit Attachment to the SF 2801-2: (used for FERS Retirements also) Health Benefits Consent Form The attachment form is completed by the employee and the current spouse if the employee elects a self only annuity at retirement. This consent form tells the spouse that upon the death of the retiree, s/he cannot continue FEHB coverage since no survivor annuity will be payable	SF 3107 Schedule D: Agency Checklist The agency completes this form to indicate it has included all necessary forms and documents
SF 3107-3: Combination Current/Former Spouse Survivor Election This form is completed by the employee if s/he elects a combination survivor annuity for current and former spouse(s)	SF 2821: Agency Certification of Life Insurance Status The agency completes this form to certify FEGLI coverage if the employee appears eligible to continue life insurance into retirement

Retirement Application Process

FERS Forms:



FERS Forms & Documents Completed During the Retirement Application Process	
<i>Employee Completes & Submits:</i>	<i>Agency Completes & Submits:</i>
<p>SF 2818:</p> <p>Continuation of Life Insurance Coverage</p> <p>The employee completes this form to elect the amount of post-retirement basic life insurance</p>	<p>SF 2819:</p> <p>Notice of Conversion Privilege</p> <p>This form is completed and given to retiring employees to advise them of their right to convert life insurance to a private policy</p>
<p>SF 2817:</p> <p>Life Insurance Election Form</p> <p>The employee completes this form if s/he wishes to cancel basic and/or optional life insurance(s)</p>	<p>SF 2809 and SF 2810:</p> <p>Health Benefits Enrollment Forms and Health Benefits Change Forms</p> <p>The agency should include all health benefits documentation in the retirement package for OPM to verify that the employee can continue coverage into retirement. If the employee is not eligible to continue coverage, terminate the coverage on the SF 2810, and forward the documents to OPM with the retirement package</p>
<p>SF 2823:</p> <p>FEGLI Designation of Beneficiary</p> <p>The employee should complete this form, or review the form on file, if s/he plans to designate an individual(s) to receive the life insurance benefits</p>	<p>SF 2817 & SF 2823:</p> <p>Life Insurance Election Form & FEGLI Designation of Beneficiary</p> <p>The agency should include all life insurance election forms and the most current designation of beneficiary in the retirement package.</p>

Retirement Application Process

FERS Forms:



FERS Forms & Documents Completed During the Retirement Application Process	
<i>Employee Completes & Submits:</i>	<i>Agency Completes & Submits:</i>
<p>SF 3102:</p> <p>Designation of Beneficiary for FERS Lump Sum Retirement Contributions</p> <p>The employee should complete this form, or review the form on file, if s/he plans to designate an individual(s) to receive any FERS Lump Sum retirement contributions upon death.</p>	<p>SF 3100:</p> <p>Individual Retirement Record</p> <p>The payroll office completes and certifies the SF 3100 to document the employee's pay history, retirement contributions, leave, final salary and post-56 military deposits. This form must be forwarded with the retirement package to OPM.</p>
<p>DD 214:</p> <p>Military Discharge Certificate (or equivalent documentation)</p> <p>If the employee performed any active military service, s/he should submit copies of the discharge certificates.</p>	
<p>Copy of Military Retired Pay Waiver Request (if available)</p>	
<p>W-4P-A:</p> <p>Federal Tax Withholding Form</p> <p>The employee may submit the W-4P-A to OPM with the retirement package if s/he plans to change the Federal tax withholding rate.</p>	
<p>State Tax information, if necessary</p>	

Retirement Application Process



Overview of the Retirement Process:

*"What steps do I need to take to begin
planning for my retirement?"*

Initial Steps for the Employee:

Regardless of whether an employee is retiring under CSRS or FERS, the steps that need to be taken in the planning process and in the application process are essentially the same.

At least one year before the planned retirement date, the employee should:

- Confirm the earliest eligibility date based on the type of retirement;
- Decide on a retirement date;
- Gather information about other benefits to which s/he may be entitled, such as Social Security benefits and Thrift Savings Plan;
- Inform the supervisor of the tentative retirement date to allow time for processing forms, etc.;
- Attend a pre-retirement seminar; and

Retirement Application Process



Overview of the Retirement Process:

*"What steps do I need to take to begin
planning for my retirement?"*

Initial Steps for the Employee:

- Make an appointment with the agency personnel office to do the following:
 - ❑ Review the Official Personnel Folder (OPF) to ensure that all records are complete and accurate;
 - ❑ Make sure that all civilian and military service has been verified;
 - ❑ Review forms to ensure that health benefits coverage and life insurance coverage has been verified;
 - ❑ Review all designation of beneficiary forms to ensure that the forms are current;
 - ❑ Compute the estimated retirement annuity.